

Purchasing Week

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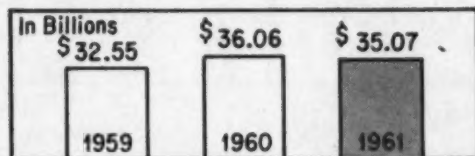
New York, N. Y., November 21, 1960

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\$6 A YEAR U. S. AND CANADA \$25 A YEAR FOREIGN

THREE BASIC FACTS ABOUT 1961 CAPITAL EXPENDITURES

1. They will be down 3% from 1960, but up 8% from 1959.



2. The big splurgers this year will include:

- Electrical Machinery
- Auto Industry
- Petroleum
- Chemical Firms
- Food and Beverages

3. For P.A.'s it means:

- A continued strong floor under the economy.
- Yet prices generally will remain stable because . . .
- Although capacity is expanding, operating rates continue to languish far below the maximum.

1961 Capital Outlays Look Like Big \$35-Billion

P.A.'s Sum Up Seaway's 2nd Year: Some Savings but Lots of Problems

Chicago—As the St. Lawrence Seaway winds up its second season as a major shipping thoroughfare, purchasing agents and shippers are agreed that although there have been many improvements and some savings, many of their transportation problems are still unsolved.

As one P.A. put it, "Sure, you can make savings in transportation charges—if you have time to wait for the goods."

Three Major Paint Firms Boost Retail Price Tags; Others Plan Similar Hike

New York—Retail paint prices are due to rise about 3%. Four companies confirmed price hikes in that range last week with a number of others indicating they will follow suit.

Paint firms who raised prices are National Lead Co. and Benjamin Moore & Co., with Sherwin-Williams Co. in Cleveland due to follow on Dec. 1, and American-Marietta Co., Chicago, on Dec. 5.

Material costs were cited as the chief reason for the rise. Industry sources say that higher costs will also affect the prices of

That sentiment just about sums up the general feeling among P.A.'s and shippers contacted by PURCHASING WEEK last week. Although cargo handling has been improved, time-consuming bottlenecks in the Welland Canal and other locks—and docking, loading, and unloading delays—still rate as major headaches for most shippers using the Seaway.

In view of these snags, many shippers are still weighing the relative merits of Seaway routing vs. trans-shipments through the Port of New York and other East Coast ports.

This, in part, accounts for the fact that volume of cargo handled remains below most estimates for the Seaway's second year. However, it is expected that this year's total of 30-million tons

Truck Warranties Raised

New York—Truck makers have begun following the path of passenger car producers in extending warranties.

Dodge, Ford and General Motors all announced last week they were boosting warranties on all 1961 truck models to one year or 12,000 miles, whichever comes first.

Passenger car makers announced similar extensions last month (see PW, Oct. 10, p. 52).

The new truck warranties cover replacement of any parts except tires, tubes, and routine maintenance items.

Interior Department Cuts Fuel Oil Import Quotas

Washington—The Interior Dept. last week sharply cut oil imports for the first quarter of 1961 to 530,000 barrels a day. This is 130,000 barrels below actual imports for the 1960 first quarter but 115,000 barrels over current quarter levels.

Government officials and some major distributors believe industrial consumers will be able to squeeze through the cold weather period without serious price or supply difficulties.

But importing companies, oil jobbers and some industrial buyers are worried that the continued low import levels may cause some

NAPA Petroleum Buyers Work for Standardization

Chicago—Petroleum industry buyers are stepping up their drive to improve handling of replacement spare parts.

This was underscored in a progress report on cost cutting techniques presented to the NAPA Petroleum Buyers Group at the fall meeting of the American Petroleum Institute. The report covers a program set up two years ago to achieve these goals:

- (1) Organize and systematize

McGraw-Hill Economists Give You an Early Look At Prospects for Next Year (They're Encouraging)

New York—The first look at industry's capital spending plans for 1961 shows businessmen ready to pay out some \$35.1-billion for expansion and modernization in the U. S. during the year.

The McGraw-Hill Dept. of Economics' fall survey of Business Plans for New Plants and Equipment showed that next

Kennedy's First Problem: Putting Zip Into Business

Washington—The incoming Administration already is cranking up possible remedies for what President-elect John Kennedy sees as a No. 1 domestic problem: How to put more zip into business.

Kennedy advisers already are telling him to expect more of a decline in the economic picture between now and inauguration day, Jan. 20. This outlook is likely to be translated into "anti-recession" proposals to Congress covering aid to depressed areas, housing legislation, additional

planned at this point—would be only 3% under the expenditures for this year and 8% above those for 1959.

Despite the slight decline, manufacturers expected sales during 1961 to be about 3% ahead of the current year.

Other highlights of the survey: • **1962 plans.** Manufacturers expect at this point to spend nearly as much in 1962 on capital expenditures as they budget during the coming year.

• **Current expenditures.** Estimates indicate 1960 outlays were significantly lower than plans projected last spring.

• **Capacity.** Manufacturers, on

This Week's

Purchasing Perspective

NOV. 21-27

HOLIDAY SLOWDOWNS—Normal year-end inventory adjustments are adding their weight to what some economists already regard as the major restraint on 1960's economic growth—lowering of inventory requirements.

Consumers, meanwhile, are preparing for a month-long holiday splurge that many manufacturers of retail durables hope will add momentum to the start of 1961.

But in the steel industry, sales managers remain gloomy because orders are not coming in now at the rate they were a month ago. Many industrial customers like to be as liquid as possible at the close of the year; and some will actually shove back delivery of products ordered for the final week in December to the first week in January to keep the inventory from appearing on the 1960 books.

Couple this with cutbacks anticipated in the auto industry and you can see why the Federal Reserve Board expects its key indicator—the index of industrial production—to drop again in November after holding steady in October.

(Turn to page 35, column 4)

P/W PANORAMA

• **Buying See-Through Packaging Can Be Tricky**, what with the host of materials available and the wide range in quality and prices. But pp. 20-21 contain a handy guide on what to remember when trying to pick the best for your purposes.

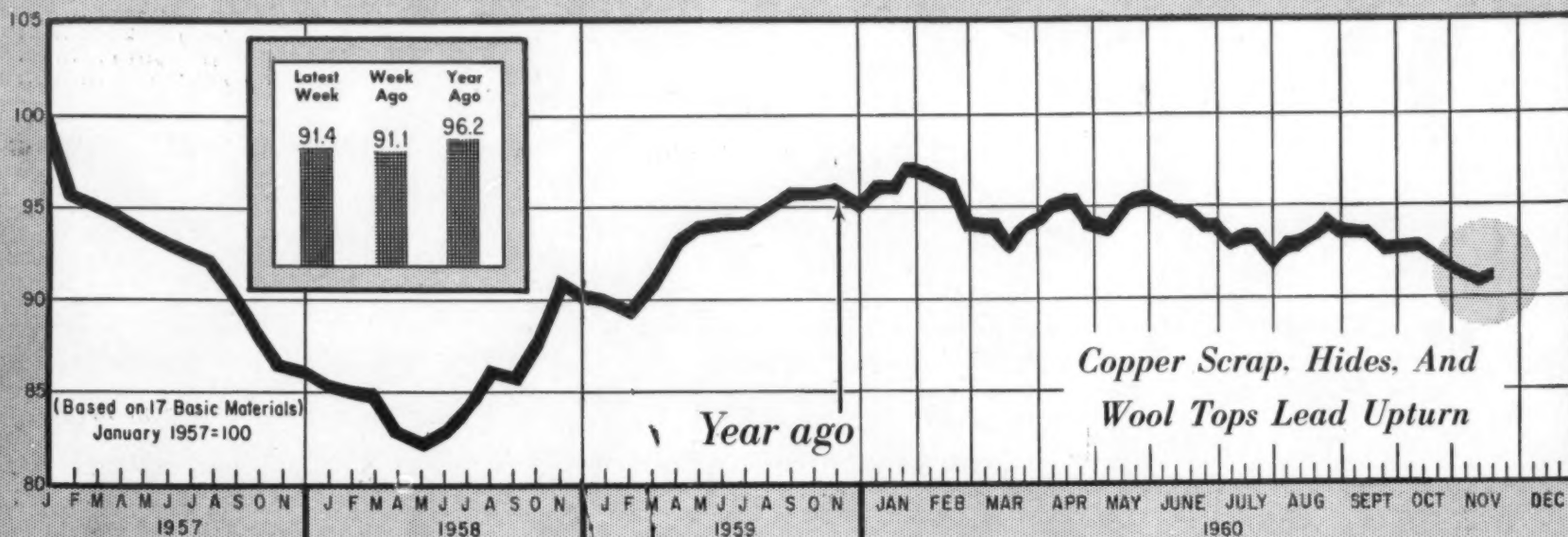
• **The Lumber Industry** has been turning to production cutbacks as a prop to shore up its price structure. But the move has been meeting with only mixed success. For a rundown on the current price picture in lumber, see the story on page 6.

• **Out-of-This-World Ideas Are All Very Nice**, but they've got to be brought down to earth before they can be of any use. The story, pp. 16-17, shows how one company put a computer to work to translate blue-sky thinking into paydirt.

• **The Employment Outlook Is Less Good** as winter approaches. Latest Labor Dept. figures show the greatest October increase in unemployment since World War II. Page 34 will give you an idea of how things stand in this vital area.

Purchasing Week Industrial Materials Price Barometer

This index, based on 17 basic materials, was especially designed by the McGraw-Hill Department of Economics.



This Week's Commodity Prices

METALS

	Nov. 16	Nov. 9	Year Ago	% Yrly Change
Pig iron, Bessemer Pitts., gross ton.....	67.00	67.00	67.00	0
Pig iron, basic valley, gross ton.....	66.00	66.00	66.00	0
Steel, billets, Pitts., net ton.....	80.00	80.00	80.00	0
Steel, structural shapes, Pitts., cwt.....	5.50	5.50	5.50	0
Steel, structural shapes, Los Angeles, cwt.....	6.20	6.20	6.20	0
Steel, bars, del., Phila., cwt.....	5.97	5.97	5.975	-.1
Steel, bars, Pitts., cwt.....	5.675	5.675	5.675	0
Steel, plates, Chicago, cwt.....	5.30	5.30	5.30	0
Steel scrap, #1 heavy, del. Pitts., gross ton.....	27.00	27.00	46.00	-41.3
Steel scrap, #1 heavy, del. Cleve., gross ton.....	25.00	25.50	41.00	-39.0
Steel scrap, #1 heavy, del. Chicago, gross ton.....	25.00	25.00	44.00	-43.2
Aluminum, pig, lb.....	.26	.26	.247	+5.3
Secondary aluminum, #380 lb.....	.23	.23	.238	-3.5
Copper, electrolytic, wire bars, refinery, lb.....	.296	.296	.347	-14.7
Copper scrap, #2, smelters price, lb.....	.233	.233	.258	-9.7
Lead, common, N.Y., lb.....	.12	.12	.13	-7.7
Nickel, electrolytic, producers, lb.....	.74	.74	.74	0
Tin, Straits, N.Y., lb.....	1.026	1.033	1.013	+1.3
Zinc, Prime West, East St. Louis, lb.....	.13	.13	.125	+4.0

FUELS†

	Nov. 16	Nov. 9	Year Ago	% Yrly Change
Fuel oil #6 or Bunker C, Gulf, bbl.....	2.30	2.30	2.00	+15.0
Fuel oil #6 or Bunker C, N.Y., barge, bbl.....	2.62	2.62	2.37	+10.5
Heavy fuel, PS 400, Los Angeles, rack, bbl.....	2.05	2.05	2.15	-4.7
Lp-Gas, Propane, Okla., tank cars, gal.....	.045	.045	.05	-10.0
Gasoline, 92 oct. reg., Chicago, tank car, gal.....	.126	.126	.116	+8.6
Gasoline, 84 oct. reg., Los Angeles, rack, gal.....	.105	.105	.117	-10.3
Kerosene, Gulf, Cargoes, gal.....	.09	.09	.086	+4.7
Heating oil #2, Chicago, bulk, gal.....	.095	.095	.094	+1.1

CHEMICALS

	Nov. 16	Nov. 9	Year Ago	% Yrly Change
Ammonia, anhydros, refrigeration, tanks, ton.....	94.50	94.50	88.50	+6.8
Benzene, petroleum, tanks, Houston, gal.....	.34	.34	.31	+9.7
Caustic soda, 76% solid drums, carlots, cwt.....	4.80	4.80	4.80	0
Coconut oil, inedible, crude, tanks, N.Y. lb.....	.143	.143	.193	-25.9
Glycerine, synthetic, tanks, lb.....	.293	.293	.293	0
Linseed oil, raw, in drums, carlots, lb.....	.159	.159	.18	-11.7
Phthalic anhydride, tanks, lb.....	.185	.185	.165	+12.9
Polyethylene resin, high pressure molding, carlots, lb.....	.225	.275	.35	-21.4
Rosin, W.G. grade, carlots, fob N.Y. cwt.....	18.10	18.10	11.75	+54.0
Shellac, T.N., N.Y. lb.....	.31	.31	.31	0
Soda ash, 58%, light, carlots, cwt.....	1.55	1.55	1.55	0
Sulfur, crude, bulk, long ton.....	23.50	23.50	23.50	0
Sulfuric acid 66% commercial, tanks, ton.....	22.35	22.35	22.35	0
Tallow, inedible, fancy, tank cars, N.Y. lb.....	.06	.059	.063	-4.8
Titanium dioxide, anatase, reg. carlots, lb.....	.255	.255	.255	0

PAPER

	Nov. 16	Nov. 9	Year Ago	% Yrly Change
Book paper, A grade, Eng. finish, Untrimmed, carlots, cwt.....	17.75	17.75	17.20	+3.2
Bond paper, #1 sulfite, water marked 20 lb, car. lots, cwt.....	25.20	25.20	25.20	0
Chipboard, del. N.Y., carlots, ton.....	100.00	100.00	95.00	+5.3
Wrapping paper, std. Kraft, basis wt. 50 lb rolls.....	9.50	9.50	9.25	+2.7
Gummed sealing tape, #2, 60 lb basis, 600 ft. bundle.....	6.30	6.30	6.30	0
Old corrugated boxes, dealers, Chicago, ton.....	18.00	18.00	19.00	-5.3

BUILDING MATERIALS‡

	Nov. 16	Nov. 9	Year Ago	% Yrly Change
Cement, Portland, bulk carlots, fob New Orleans, bbl.....	3.65	3.65	3.65	0
Cement, Portland, bulk carlots, fob N.Y., bbl.....	4.20	4.20	4.18	+.5
Southern pine, 2x4, s4s, trucklots, fob N.Y., mftbm.....	118.00	118.00	124.00	-4.8
Douglas fir, 2x4, s4s, carlots, fob Chicago, mftbm.....	132.00	133.00	138.00	-4.3
Spruce, 2x4, s4s, carlots, fob Toronto, mftbm.....	82.00	82.00	89.00	-7.9
Fir plywood, 1/4" AD, 4x8, dealer, crid, fob mill, msf.....	68.00	68.00	64.00	+6.3

TEXTILES

	Nov. 16	Nov. 9	Year Ago	% Yrly Change
Burlap, 10 oz. 40", N.Y., yd.....	.14	.14	.102	+37.3
Cotton middling, 1", N.Y., lb.....	.323	.322	.329	-1.8
Printcloth, 39", 80x80, N.Y., spot, yd.....	.18	.18	.218	-17.4
Rayon twill, 40 1/2", 92x62, N.Y., yd.....	.22	.22	.24	-8.3
Wool tops, N.Y., lb.....	1.490	1.465	1.585	-6.0

HIDES AND RUBBER

	Nov. 16	Nov. 9	Year Ago	% Yrly Change
Hides, cow, light native, packers, Chicago, lb.....	.155	.15	.185	-16.2
Rubber, #1 std ribbed smoked sheets, N.Y., lb.....	.311	.318	.475	-34.5

† Source: Petroleum Week ‡ Source: Engineering News-Record

This Week's

Price Perspective

NOVEMBER 21-27

1961 DEMAND PATTERN may turn out to be a lot firmer than previously anticipated.

Supporting evidence comes from the three major spending sources:

• **On the industrial front**—The new McGraw-Hill outlook on capital outlays for 1961 indicates only a fractional (3%) dip in demand for plants and equipment. As recently as last month, some experts were talking in terms of a 10% to 15% decline for the coming year.

• **In consumer areas**—Record auto sales last month—plus the more optimistic tone shown in recent buying surveys—could mean the start of a new uptrend for consumer durable lines.

• **On the government level**—Sen. John F. Kennedy's victory means sharp increases in outlays for defense, schools, housing, and other public works. Campaign promises—if they are carried out—could add \$5-billion to government outlays.

The above demand factors should be more than enough to reverse the current business downtrend by mid-'61.

CONTINUED HIGH LEVEL OF CAPITAL SPENDING can be traced to a combination of business optimism and competitive necessity.

The optimism becomes readily apparent when you look at management's sales forecasts for 1961. Almost every single major industry—as revealed by the McGraw-Hill survey—expects to better its 1960 performance.

The over-all 3% sales increase—if it materializes—could make 1961 the best year in history.

But optimism doesn't tell the whole story. There are pretty solid bread and butter reasons why some firms—despite excess capacity—are willing to spend upwards of a billion dollars a year on capital outlays. (General Motors, for example, anticipates shelling out a whopping \$1.25-billion in 1961.)

They boil down to the need to modernize—to reduce unit costs via higher productivity. That's often the only way a firm can survive in today's razor-sharp competitive markets.

CONSUMER DEMAND also may be poised for a rise.

The disappointing first nine months of 1960 seems to be giving way to more firmness in most "big ticket" items. Auto dealers, for example, sold 540,200 new cars last month—6.5% ahead of last year.

And all indications point to continuation of the new trend. Thus, the latest National Industrial Conference Board survey of buying plans reveals this optimistic picture:

• **For autos**—Some 6% more persons than a year ago now anticipate the purchase of a new automobile.

• **For appliances**—Intentions to buy are substantially higher than they were three months ago. Dishwashers, for example, are up 31% from July. Furniture is up 11%. Refrigerators are up 9%.

UNCLE SAM WILL ALSO be doing his share to increase over-all demand next year.

President-elect Kennedy's goal of speedier growth means increased spending commitments in several areas.

Military procurement will be the biggest gainer. Missile spending, which has been budgeted for \$3.6-billion in the year ending June 30, should be up over the \$4-billion mark by the third quarter 1961. Space probes and intensified anti-missile programs should also mean a sharp boost for military R&D—to well over the \$4-billion mark.

The new Administration is also likely to ask for increased government spending in depressed areas and on urban renewal. But here the new President may encounter some Congressional opposition.

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Navy Unveils New Facsimile System That Flashes 550 Words a Minute

Washington—The Navy has unveiled a high-speed facsimile transmission system that is designed to cut the time and cost of distributing vast amounts of paperwork. Purchasing departments may benefit from the new system, too.

Basically, the new system, called the "document retriever", is built to take microfilmed data and transmit it via microwave or coaxial cable to receiving points around the country at a rate of 550 words per second. And, it makes the transmissions with a resolution of 100 lines per inch. This is good enough so that engineers can work directly off of construction blueprints sent through the system.

The new document retriever system was developed for the Navy by the Hogan Facsimile Corp. of New York City, a wholly owned subsidiary of the TELautograph Corporation. The system was some three years in developing and cost around \$270,000. Production models, however, are expected to run only some \$70,000.

First Job Moving Blueprints

Initial user of the system will be the Navy Bureau of Ships. The problem of moving literally tons of blueprints from Washington to a score or so of shipyards around the country sparked the initial development contract for the document retriever. The Navy needed a way to speed up delivery of blueprints and the continuous changes being made in designs; a way to reduce the cost of producing the volumes of prints needed; and a system to help reduce the storage problem of such documents.

The result was Hogan's document retriever. The initial model now under test by the Navy in Washington is designed to continuously transmit documents up to 18 in. wide at a rate of 4 in./sec.

Impressive Savings

The Navy estimates that its paper cost savings for transmitting blueprints alone will be impressive. For example, paper costs for blueprints now run an average of 5¢/sq. ft. With the facsimile system, however, this will be reduced to about 1.6¢/sq. ft.

The facsimile reproduction is an electronical enlargement of the microfilm image, its developers say, and thus does not contain the normal distortion that comes with optical enlargements. The resulting facsimiled document is a translucent print which can be used as a "master" in diazo-type reproduction processes.

Many More Jobs Foreseen

In addition to transmitting blueprints, the Navy plans to use the system for distributing many of its instruction manuals. This is particularly desirable, the Navy says, where limited numbers of manuals are needed. Comparative costs have not been worked out as yet, but the service feels sure that facsimile transmissions will be cheaper than having low run printings made.

For example, the present document retriever under test can flash a book of around 240 pages to any number of receiving points,

with ease, in about four minutes.

The developers of the document retriever say its system has widespread uses both in the military and commercial fields. Such commercial operations as large purchasing departments, banks, hospitals, insurance offices, etc. are just a few industries that are interested in the system. In fact, Hogan says its system has a place in any industry that needs to transmit large volumes of information.



DOCUMENT RETRIEVER: Speedy facsimile system developed for the U. S. Navy by Hogan Facsimile Div. of TELautograph Corp. can send text of 240-page book in 4 min. Scanner transmits from microfilm . . .



RECORDER, miles away, gets documents full size. Hogan plans compact models for leasing.

Facts of Light!

20.5%

7.5%

**WATT FOR WATT,
FLUORESCENTS PRODUCE
TWICE AS MUCH LIGHT
AS INCANDESCENTS**

About 7.5% of the electrical energy consumed by a typical 40 watt incandescent lamp is produced as light. In a typical 40 watt fluorescent lamp, the percentage is about 20.5. In both types, the remainder of the electrical energy is heat loss.

HERE'S WHERE THE MONEY GOES WHEN YOU BUY LIGHT

For the average industrial user, approximately 10 cents of every dollar spent for light goes for lamps; approximately 20 cents goes for maintenance labor; and about 70 cents goes for electric power.

**2 100's
WON'T DO
THE WORK
OF 1 200**

A 200 watt incandescent lamp produces approximately 3800 lumens. Two 100 watt incandescent lamps produce approximately 3400 lumens — about 10% less light.

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GUARD
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Washington Perspective

NOV. 21-27

President-elect John F. Kennedy will have recommendations for sweeping changes in the operations of the Defense Dept. and government regulatory agencies well before he moves into the White House Jan. 20.

A report calling for greater unification of the armed forces and more centralized civilian control in the Pentagon was prepared for Kennedy by Sen. Stuart Symington (D-Mo.), who heads a committee of Kennedy advisors on military reorganization.

The Symington group was understood to be urging the most drastic unification measures since the Defense Dept. was created, stopping just short of recommending that the Army, Navy and Air Force be combined into a single service in a single uniform.

The result would be more centralized control over procurement. If such a plan were carried to its logical conclusion, considerably fewer military field agencies would be authorized to deal with industry and a smaller number of firms invited to bid on negotiated-type contracts.

In the area of defense procurement, you can expect a drive to cut purchasing costs under Kennedy even if he doesn't accept the Symington group's reorganization proposals—or even if he does and they fail to get through Congress where formidable opposition could be expected.

Contracting practices are likely to be overhauled in any case, because there is considerable Congressional sentiment for consolidating procurement as much as possible, for getting rid of incentive-type contracts, for stressing advertised bidding, and for issuing maximum competition in negotiations for both prime and sub-contracts.

Creation of a consolidated agency under the Defense Secretary to manage all common supply items and activities was a major recommendation of a joint Congressional economic subcommittee in a new study on military buying.

While procurement costs may be trimmed, the amount of money available for military buying under Kennedy will rise.

Kennedy is a strong advocate of a bigger defense budget; he has spoken about an increase of \$2.5-billion to \$3-billion over the current \$41.5-billion spending program. But he has not made clear whether this would be a dramatic short-range or a long-range phased increase.

Another report—to be turned in to Kennedy Dec. 15—will present the first of a series of recommendations on how to speed up decisions of the federal regulatory agencies and find more qualified men to serve on them.

These proposals, being prepared by James M. Landis, could have a major impact on the future functioning of the Interstate Commerce Commission, the Civil Aeronautics Board, and the Federal Power Commission.

Landis is an old friend of the President-elect and has been close to regulatory problems since the agencies began burgeoning in the early days of the New Deal. He is a former dean of the Harvard Law School and has served on three of the agencies—as a member of the Federal Trade Commission and as chairman of both the CAB and the Securities & Exchange Commission.

Landis is particularly interested in transportation problems, and it's a good bet that he will recommend to Kennedy the creation of a cabinet-level department of transportation. He has long felt that transportation policies and regulations are handled by too many separate agencies with little coordination.

The Federal Maritime Board, the Federal Aviation Agency, the Army Engineers (who deal with waterways development) and the Bureau of Public Roads are all involved in transportation matters, in addition to the ICC and CAB.

As for the regulatory agencies, Landis is particularly concerned about the heavy turnover in commissioners during the Eisenhower Administration and what he considers the downward drift in the caliber of the men selected to sit in judgment on the regulated industries. Too few of them have been experts in their fields, Landis feels.

Landis also feels that agency procedures should be overhauled and made more uniform so that hearings don't drag on unnecessarily. Also that there should be an immediate appeals step between hearing examiners and agency commissioners to relieve the top men of the burden of adjudicating so many minor disputes.

Landis also wants the commissioners to devote more time to creative policy thinking and to stop the practice of handing out to anonymous staff personnel the job of writing their opinions.

Kennedy Seen Pushing to Expand Foreign Trade

New York—Department of Commerce officials at the 47th National Foreign Trade Convention here last week pooh-poohed all rumors that the new Democratic Administration might force a return to protectionist trade policies.

"I am certain the new Administration will fully support the expansion of exports and foreign trade," Bradley Fisk, Assistant Secretary for International Affairs, U.S. Dept. of Commerce, told an estimated 2,000 business and government officials at the convention.

Later, Fisk told PURCHASING WEEK: "We are not going to do a thing about foreign imports to this country. After the war we encouraged imports to help our allies get back on their economic feet. While we are no longer concerting our efforts in this direction—we're more interested now in pushing U.S. exports abroad—I am certainly opposed to efforts by local government officials to block the use of foreign materials in state and community works."

Trade Is Two-Way

Fisk called international trade "a two-way proposition. Unless we buy from abroad," he said, "we cannot expect to sell our goods overseas."

Other Dept. of Commerce officials at the meeting agreed. "The American purchasing agent," one official declared, "has come under a lot of unfair criticism for his foreign purchases."

"In the first place," he said, "it's not foreign trade which has caused our adverse balance of payments. The United States will export about \$19.5-billion worth of goods this year and import about \$16-billion."

"The balance of payments situation," he continued, "is due primarily to the outflow of capital funds in such activities as the foreign aid program, construction of plants overseas by U.S. companies, and a number of other things. But foreign purchases by American buyers have stimulated international trade and helped, rather than hurt, our country," he concluded.

Urge Containerization

Other speakers at the meeting, urged foreign traders to make greater use of cost saving containers in the transportation of goods in Europe.

"Europe is far ahead of the United States in containerization," said G. F. Doherty, vice president of American Express Co., "especially in transcontinental traffic. The railroads have backed up the steamship lines in their efforts to speed up containerization programs, and European lines are now renting containers from freight forwarders."

Advantages Not Universal

Doherty warned, however, that container advantages are not universal. "The ports and rail terminals most equipped to handle containers," he stated, "include Mannheim, Frankfurt, Antwerp, and a few others."

In addition, only 60 to 75 commodities are best adapted for economic shipping in containers, he pointed out. He listed such items as earthenware, tools, gages,

musical instruments, fractional horsepower motors, alcoholic beverages, canned and bottled food products.

Another transportation expert, Robert L. Clarkson, Jr., president of the New York import-export firm of Smith, Kirkpatrick & Co., Inc., pointed out the insurance

advantages of containerized shipping of foreign goods.

"By reducing what we call extraneous perils (pilferage, etc.), continued use of containers will reduce premium insurance rates."

He said rates had already been reduced for certain commodities, depending on the company.

Tire Makers Eye Price Increase, But Competition Punctures Hopes

Akron—Trucker fears that prices for tires may be due for increase soon are discounted by many informed industry sources here.

Factors working against such an increase include:

• Vigorous competition for tire sales with extensive price-cutting on distributor levels.

• Sizable current supplies of tires.

• Declining natural rubber prices.

While most tire makers would welcome a price increase, particularly on truck casings, they must proceed cautiously in the face of what is described as the roughest price competition in years. The industry, carrying a near-record inventory of truck tires, feels that if producers and distributors could collect anything near present list prices there would be no pressure for price increases.

Big fleet operators are reported obtaining discounts ranging up to five and six 10's without difficulty.

Seiberling Rubber Co., which has a large proportion of its volume in the truck tire market, reported to stockholders last week that market competition, the "most severe in over a decade," had resulted in a decline in both sales and earnings for the first nine months of 1960. J. P. Seiberling, president of the company, said the decline was sharpest in the truck tire category.

Third quarter reports by rubber firms told generally of lowered earnings—with the smaller and less diversified companies, whose sales depend largely on tires, hit the hardest.

An attempt by some tire manufacturers to increase tire prices late last summer, — mainly through removal of discount allowances—fell short of its goal, according to major fleet buyers.

Declining prices for crude rubber have eased some costs for rubber companies that have been under pressure from wage and other material cost factors. In the past four months prices of No. 1 ribbed sheets (a key grade of natural rubber) have dropped from 47¢/lb to 31½¢. World supplies, in danger of being outdistanced by demand a year ago, now are in balance, aided in part by U. S. and British stockpile releases and a fall-off in Russian demand, which had been a significant market pressure factor.

Rails Win a Round In Piggyback Fight With Truck Firms

Washington — Railroads have scored an interim victory over truckers in their battle before the Interstate Commerce Commission over Plan III piggyback rates.

ICC Division 3 upheld the principle of railroads charging a flat "per trailer" fee for transporting shipper-owned vans loaded with groceries and meats between Kansas City and St. Louis and between Kansas City and Wichita.

In approving the rates, the division rejected protests from the Midwest Motor Freight Bureau that the "per trailer" charges ignored the traditional railroad class rate system under which rates vary depending on the classification of the commodities being moved.

The division ruled that the rates under investigation were designed primarily to recapture traffic moving in private truck fleets and that the classification principle was not involved.

The same dispute figures in an important case still pending before ICC over the legality of Plan III and IV rates generally. Under Plan IV the shipper provides both the trailer and flatcar.

Examiner George Dahan has recommended that the commission find rates under both plans unjust and unlawful on grounds that they discriminate among shippers and are diverting increasing amounts of freight from motor carriers.

Weekly Production Records

	Latest Week	Week Ago	Year Ago
Steel ingot, thous tons	1,464	1,468*	2,233
Autos, units	148,974	152,092*	67,074
Trucks, units	22,359	18,854*	12,339
Crude runs, thous bbl, daily aver	7,717	7,830	7,892
Distillate fuel oil, thous bbl	12,718	12,362	12,154
Residual fuel oil, thous bbl	5,393	5,897	5,992
Gasoline, thous bbl	27,051	27,785	27,839
Petroleum refineries operating rate, %	78.9	80.0	81.3
Container board, tons	167,044	160,172	174,407
Boxboard, tons	98,101	94,543	100,507
Paper operating rate, %	88.4	95.3*	94.6
Lumber, thous of board ft	213,082	225,662	246,828
Bituminous coal, daily aver thous tons	1,319	1,332*	1,279
Electric power, million kilowatt hours	14,111	13,982	13,270
Eng const awards, mil\$ Eng News-Rec	473.6	314.5	444.3

* Revised

Oilfield Vendors Hit P.A.'s for 'Loss of Integrity'

New York—A wave of mergers is sweeping the oilfield supply industry, and disgruntled vendors are laying a share of the blame on "loss of integrity" by purchasing agents.

Oilfield suppliers are making more consolidation moves than ever before, in an effort to overcome a raft of knotty problems including, overproduction, price competition and changes in distribution patterns, according to *Petroleum Week*, a McGraw-Hill publication.

Fewer Stores

A survey of vendors indicates the majority agree with W. J. McWilliams, president of Republic Supply Co., who declares: "I feel that the trend in the oilfield supply business will be toward fewer stores with better inventories. The large companies are already going in that direction and the continuation of hard times would bring on attrition among the medium and small-sized companies."

Like the operating end of the petroleum industry, the supply business is in a tight squeeze because productive capacity is far in excess of demand. Profit margins and sales have declined and price cutting has almost become a way of life according to suppliers who complain of too many free services to customers.

'Low Standards of Ethics'

Some vendors blame low standards of ethics within the supply ranks—and the purchasing profession—for their troubles.

Purchasing was criticized for placing direct orders and for unhealthy price competition.

Said one vendor, "The purchasing profession as such, has lost some of its integrity. Purchasing people mouth a lot of philosophy on price being last in their consideration, but actually do their buying on that basis. They have compelled the normal sources of supply to wallow down in the dirt with the guy who has nothing to offer but price."

New Methods Appearing

But vendors are realizing new methods are appearing and that selling direct from the manufacturer to the customer, or through a broker, is definitely here to stay.

Here are some comments noting the changes: "Out-of-stock deliveries of pipe are becoming things of the past. In the future the stores will operate more as warehouses than stores, and most

selling will be directed toward direct shipment accounts.

"The trend of placing orders is being diverted from field personnel to central division or general office headquarters," states one supplier.

While suppliers agree on the need for mergers and consolidations, there is wide disagreement on the exact method for reorganizing distribution setups. Among the methods proposed and being tried are: centralized warehouses; "supermarket" centers which might reduce overhead

and yet maintain representation; wider use of leasing rather than purchasing; greater use of contracts; use of exclusive franchise; and top-level selling.

The best thing that could happen to the supply industry, said one vendor, would be the complete elimination of manufacturers' field stocks.

"The supply companies then would have to do the job they're supposed to do as the warehousemen for the oil industry. And those who were not able to do so would be eliminated."

Rail Bid to Boost Demurrage Fees Is Postponed for Several Months

Chicago—Hearings on proposed higher rail demurrage rates, scheduled for Nov. 14, have been postponed to a later date, but the threat of higher costs to shippers continues.

The operating-transportation division of the Assn. of American Railroads has proposed substantial hikes in demurrage fees, the charge to a shipper or receiver for use of a freight car beyond the ordinary free time of 48 hours. The railroads want to hike

charges on cars not subject to average agreement to \$6 for each of first four days and \$12 for each subsequent day.

Another proposal: Under average agreement, eight credits instead of the present four would be applied in cancellation of debts accruing on any one car. (A credit is earned when shipper returns a car to a road within 24 hours.)

Final action is expected to be several months off.



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STAPLERS AND STAPLES

Railway Express Agency Becomes REA Express

New York—Railway Express Agency, Inc., has changed its name to REA Express.

The new name is designed to identify the 121-year old express firm more closely with its widely diversified domestic and international shipping services, REA President William B. Johnson said.

"The broadening of the business into a truly modern "supermarket" of small shipment services, coordinating and integrating various modes of transportation has demanded a more appropriate name," Johnson said.

Production Cutbacks Fail to Put Floor Under Plywood Prices

New York—Production cutbacks, the lumber industry's big weapon in its fight against price softness haven't put much starch in plywood tags, but they have strengthened the outlook for Douglas Fir lumber.

A large number of West Coast sawmills have shut down and as a result Douglas Fir prices have steadied. Most dealers feel that the long downward slide—which brought these tags 14% below year-ago levels has ended, and that with production way off,

prices should start moving up in early December.

But some dealers are not so optimistic. Because of high inventories and the low volume of local mill orders they contend that the rise won't come until January, when an expected pickup in home building should begin making itself felt.

The earliest upward movement is expected to come in the green fir sizes. These sizes are still running some \$12 to \$15/1000 bd. ft. below the corresponding

air-dried dimensions—compared to the normal \$8 spread.

The current bullishness on Douglas Fir lumber prices doesn't extend to the plywood sector of the industry. Higher tags for plywood are considered much less likely—despite production cuts and low dealer stocks.

Demand Still Off

The widely publicized series of production cutbacks (last week's U. S. Plywood announcement of a 5% output reduction for No-

vember was the latest) has trimmed industry operations to between 70% to 80% of capacity. But even at that rate output is more than enough to satisfy present weak demand.

Although it's true that reduced output has sent the bellwether 1/4" grade up to \$68/1000 sq. ft.—\$4 higher than two months ago—this price level is not really firm.

Industry sources say mills are getting the \$68 price only when they're able to fill orders for

specialty items as well. Less versatile mills are selling the bellwether grade at \$66 and even \$64 in some cases.

Another tip-off on market weakness is that mills are giving an additional 3% discount—on top of the industry's standard 5% discount—to wholesale jobbers. This bonus isn't passed on automatically, but dealers use it as their ace-in-the-hole when they come up against tough competition. However, these discounts are generally considered a sign of hard times, and they are eliminated as soon as demand gets strong.

The biggest price weakness is in standard and lower quality plywood items. Prices are much firmer, for example, for sanded panels than for rough, and specialty sizes are moving pretty well.

No Firming Expected

Industry analysts don't expect plywood prices to firm up in the near future. They contend that production cutbacks haven't been drastic enough; at the same time they point out that the industry, despite the present market weakness, is still expanding its capacity, thus creating an additional supply potential that would offset any pickup in demand.

Furthermore, competition for plywood markets is intensifying—both from other lumber products (e.g. fiberboard), and from non-wood rivals such as plasterboard, plastics, and aluminum sidings and facings.

But despite the current doldrums, the plywood industry views the future optimistically. Increased home building and modernization, for example, are expected to provide a steadily-growing market. Plywood usage in home building has gone up steadily over the years.

Cutback in Pine Output

Producers are still cutting back on pine output, because reduced prices have done little to stimulate demand. Some shortages are expected in key items later this winter, but over-all inventories should stay high. Prices are still easy, and though shortages may firm some tags, competition among pine mills should keep most prices down.

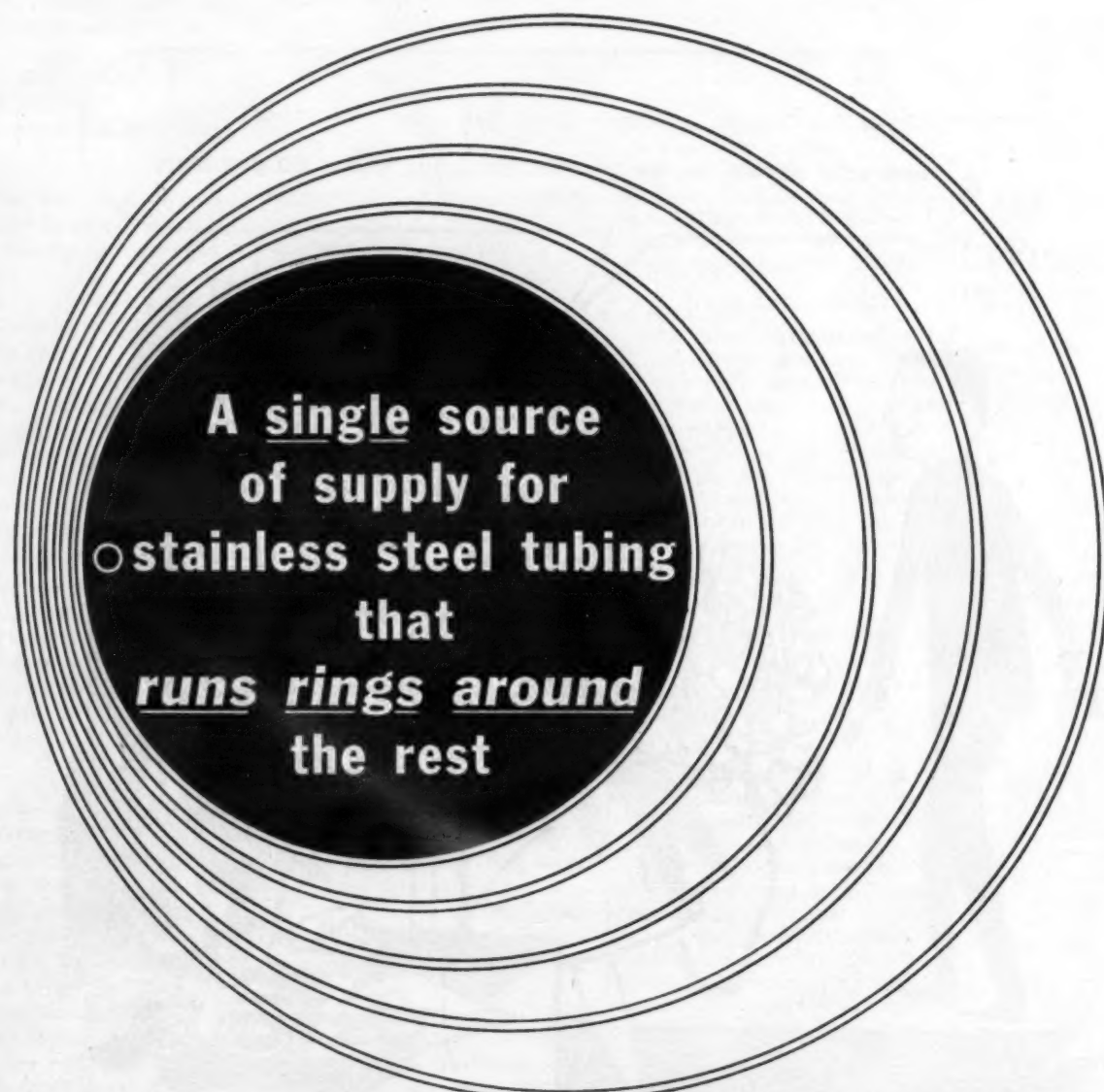
Hard woods have enjoyed better demand than most other lumber products. Production tailed off only 5% in 1960, despite a 30% downturn in home construction.

The expected pickup in 1961 home building isn't likely to firm hardboard prices. The reason: Imports have been taking a bigger and bigger share of the domestic market (12% now, and expanding) and competition from metal and other building materials is growing keener.

Japanese TV Embargo

Toronto—Canadian finance minister Donald Fleming announced that Japan has placed a "voluntary" embargo on shipments of radio and TV receiving tubes to Canada.

The embargo came on a flood of protests by Canadian tube manufacturers that the influx of Japanese tubes was threatening to put some companies out of business.



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Third Firm Enters Growing Beryllium Field

New York — Pechiney of France has licensed a new U. S. firm, General Astrometals of Yonkers, N. Y., to produce and sell beryllium products in this country.

Brush Beryllium of Cleveland, and Beryllium Corp. of Reading, Pa., are the only other producers of beryllium in the U. S. Entry of a third company reflects the increasing interest of industry in the potential of the high-priced metal.

The Price

The new company will sell beryllium in semi-finished fabricated shapes for "somewhat in excess of \$100 or more per pound depending on the degree of complexity," Leonard Smiley, the firm's marketing vice president, told PURCHASING WEEK. In addition, the company will offer the whole spectrum of beryllium

metal products." This includes: powder, vacuum cast billet, slate, semi-finished shapes.

Until now, beryllium has been used exclusively in military aircraft, missile and nuclear work, but small quantity orders from firms in other fields indicate that it may be finding other applications, according to Smiley.

Its specialized properties could make it a valuable tool for research, some observers feel, and may even extend its application to commercial jet aircraft.

The growth of the electronics

industry has opened wider the market for beryllium copper strip. Though costs are generally four times that of other alloys most commonly used in electronic applications, many manufacturers are paying the added price.

Reflecting the increased interest in beryllium copper alloys, Chase Brass & Copper Co. has stocked it in all of its warehouses. It claims to be the only brass mill with national distribution now carrying beryllium copper strip in stock.

N.C. Supreme Court Throws Out Nullification of State Fair Trade Act

Durham, N. C.—The State Supreme Court has reversed a lower court ruling which declared the state's Fair Trade Act unconstitutional.

The case involved an injunction obtained by Union Carbide Corp to prevent a Winston-Salem retailer from selling its brand of antifreeze at less than Fair Trade price. Superior Court Judge Walter Johnson later dissolved the restraining order on grounds that the law was unconstitutional.

The Supreme Court reversed the decision, on appeal, on grounds that the constitutionality of the law was not before the lower court. The only question before the court it said, was whether the temporary injunction should be made permanent pending a final determination.

The effect of the supreme court ruling, which sends the case back for hearing in the lower court, is to leave the Fair Trade Act in force on the state books.

British Textile Groups Eye Merger Proposal

London—British spinning and weaving companies are studying a new plan to merge four trade associations into one streamlined textile group.

The cotton board, originator of the plan, has won support from the leaders of the four groups and is asking approval from 500 member companies.

The four associations are: the Federation of Master Cotton Spinners' Assn., the Yarn Spinners' Assn., the Yarn Doublers' Assn., and the Rayon Stable Spinners' and Doublers' Assn.

One other major industry group, the Condenser and Allied Spinners' and Manufacturers' Assn., has objected to the merger and stated it will remain a separate body representing the spinners and manufacturers of cotton waste.

Proposed title for the new trade group is British Spinners and Doublers' Assn.

Establishment was recommended on grounds of effectiveness, economy and solidarity. It would be the sole central employers' body entitled to deal with the government, trade unions and other organizations.

British mill owners have been asked to submit their opinions on the new setup before Dec. 10, and the Cotton Board hopes to bring the merger into effect at the beginning of next April.

Pennsy Studies Appeal

Philadelphia—The triple damage verdict of a federal court which awarded \$225,000 to a trucking concern in a conspiracy case, may be appealed to the Supreme Court by the Pennsylvania Railroad.

Further legal maneuvers by Pennsylvania Railroad lawyers were anticipated following the verdict by a Washington, D. C., jury that the railroad and four other concerns illegally tried to force Riss & Co., Inc., a Kansas City explosives hauler, out of business. (See PW, Nov. 14, '60, p. 6.)

A spokesman for the railroad said attorneys are studying the case to decide whether to appeal to the U. S. Supreme Court.

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AUTOS RIDE THE RAILS: New giant crane at American Motors Corp. plant in Kenosha, Wis., eliminates slow, special ramp loading by picking up fully loaded trailer and swinging it onto rail equipment. New setup enables AMC to ship out as many as 70 trailers a day.

GSA Rebuked for Fighting Transport Rate Hikes

Washington—The U. S. Chamber of Commerce has asked Congress to limit the power General Services Administration in transportation matters. At the same time, it blasted GSA for fighting rate increases before regulatory agencies.

In a 42-page report, the chamber asked Congress to take corrective action by clarifying the duties of GSA in transportation matters and prohibiting unnecessary activities.

"The antagonistic position (to increases) has been inderogation

of state and federal legislative policy to allow revenues necessary to cover added costs of operation and to preserve the financial integrity of these industries so that they may serve the public," the Chamber of Commerce report said.

"There is no obligation or duty on the part of GSA to oppose general rate increases for the mere sake of opposition or solely to resist possible increases in the cost of certain government agencies. On the contrary, the law does not establish GSA as a

public defender bound to represent the general public."

The report charged GSA with a growing bureaucracy in its Transportation and Utility Service. From 21 employees and an appropriation of \$133,000 in 1950, GSA has expanded currently to about 247 employees and expenditures of \$2,375,000, the report said.

'Confused Role'

It also charged GSA with confusing its role in cases before regulatory commissions.

"On the one hand it represents that regulatory agencies are cast in the role of judges, without staffs, who approved any request of carriers for rate increases if it, (GSA) does not intervene in opposition. From this premise GSA then portrays itself as the only opponent to increases in fares and rates and that its mere appearance before regulatory agencies results in substantial savings to the government."

While making these criticism, the report noted that GSA could accomplish some worthwhile purpose in centralizing necessary negotiations with transportation companies. "If the GSA confines itself to a proper representation of the government interests," the report continued, "it can perform a useful function for the companies involved."

The report defined GSA's proper roles as these:

- Assist in the determination of the transportation and utility needs of various government agencies.
- Assist in the interpretation and application of tariffs.
- See that transportation and services are available to meet the requirements of the government.
- See that the government is not discriminated against in comparison to others.

Ryder System Acquires Southern Plaza Express After Two-Year Delay

Miami—The Interstate Commerce Commission has finally approved the acquisition of Southern Plaza Express, Inc., Dallas, by the Ryder System, Inc.

The merger, pending before the ICC since 1958, expands Ryder's trucking and leasing system into six additional midwestern and southwestern states.

The transaction involves the purchase of the outstanding stock of Southern Plaza's corporate parent, Columbia Terminals Co., St. Louis, for approximately \$3,260,000 in cash. Ryder bought Columbia's leasing subsidiaries in 1958.

Southern Plaza covers 7,690 route miles in Texas, Oklahoma, Arkansas, Tennessee, Louisiana, Missouri, Kansas, Indiana and Illinois. Its routes will connect with Ryder lines at Houston, Memphis and New Orleans.

With the addition of Southern Plaza, Ryder Truck Lines will serve 21,214 route miles from 86 terminal points in 16 states. Another subsidiary, Ryder Tank Line, Inc., hauls liquid cargoes in 26 states.

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base. They are available in standard ratings of 60 cycle, 208-220/440 and 550 volt, 1½ through 40 hp—3500 RPM, and 1 through 30 hp—1750 RPM. For information on larger horsepower ratings, call your nearby Wagner Sales Engineer.

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Southern Cities Use Building Codes As Weapons Against Imported Steel

Birmingham — Municipalities in 13 Southern states are brandishing a new weapon in their battle against the use of imported steel. The weapons: building codes.

The Southern Building Code Congress has prohibited the use of foreign steel unless it is "certified" by an American testing laboratory.

"What we are doing will have the effect of banning the use of foreign structural steel in 900 Southern cities and towns," M. L. Clement, executive director of the Congress, told PURCHASING WEEK.

Writes Building Code

The Congress writes the Southern Standard Building Code, used as legal regulation by more than 900 cities.

"The Southern Standard Building Code has specifications with which foreign steel does not comply. We will enforce the code accordingly," Clement pointed out to PW.

For years the code has contained a provision requiring that all steel used must meet ASTM standards. "However," noted Clement, "in the past there has been no need to emphasize the enforcement of this provision because only during the last year has foreign steel become a problem in the South."

He pointed out that 67% of all steel imports in the country come through Southern ports. Of all the foreign reinforcing bars that have come into the U. S. this year, he added, 58% come through these ports.

Structural Failures

"We are alarmed because these imports almost never meet our domestic standards. The South has had several structural failures recently which can be attributed to sub-standard foreign steel," he said.

"We are certainly going to see that the steel requirement provision of the code is enforced in St. Petersburg," declared Henry M. Nielsen, Congress board member and director of building at the Gulf city. He added, "The need for enforcement was pointed up sharply the other day when I accidentally dropped a 4-ft piece of imported reinforcing steel. It broke into four pieces from the impact, so you can imagine what would have happened to a building where this piece of steel was used."

Some Ban Imports

Some Southern cities have already gone a step further and placed an outright ban on the use of imported steel on city-owned projects. The Birmingham Alabama City Commission, for example, has publicly announced that in the future all the steel used by it will come from American sources.

The ban brought a blast from the American Institute of Imported Steel. A. A. Frank, its president, called the move "a blow against international trade" and said it would "tend to increase the cost of home construction."

Latest Commerce Department figures show that steel products imported into the Gulf Coast area

during the first seven months totaled 733,341 tons—down 43% from the 1,301,513 tons imported into that area during the like period last year, but above the 546,604 tons in the same period in 1958.

The nation as a whole imported 2,536,472 tons of steel in the first seven months of this year—compared to 4,627,618 in the comparable period last year and 1,831,082 tons of steel in the 1958 period.

City-County Purchasing Consolidated at St. Paul

St. Paul—Voters here have approved a joint city and county purchasing operation that is expected to save some \$2-million a year.

The new setup merges Ramsey County's \$2-million purchasing operation with that of St. Paul, which totals \$18-million.

For and Against

The measure was backed by the county Legislative Research Committee and opposed by the St. Paul City Council and Board of County Commissioners. The

commissioners tabbed the proposal the "paper clip" bill, because some of the claimed savings are in the area of office supplies.

St. Paul officials pointed out that the city's purchasing department operates on a budget of \$75,000 a year and could easily absorb the work of buying the \$2.1-million worth of supplies purchased annually for Ramsey county outside of contracts. The city purchasing staff consists of 17 persons.

The legislative committee cited the following as an example of

possible savings: In one category the county sheriff bought \$16,054 worth; the city, \$242,626, and the county welfare board, \$269,953. If all the buying had been done at the lowest prices offered or available, it was stated, the saving to the county could have been \$11,296.

50,000 Purchase Orders Studied

The study leading up to the plan covered more than 50,000 purchase orders by the city, county and welfare board in 1957.



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November 21, 1960

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P/W MANAGEMENT MEMOS

A collection of timely tips, quotations, and inside slants on management and industrial developments, along with a run-down of events and trends of use to the purchasing agent.

Keeping Posted

Although your calendar may be overcrowded with extracurricular activities, don't overlook the benefits to be derived from membership in other management associations besides your purchasing group. It's one of the best ways of keeping posted on the latest developments in the field without taking up too much of your outside time.

For one thing, you can confine your activities to attending only those conferences that interest you. Or you can take an even more passive role, by availing yourself of the valuable research data offered members or of such services as training courses and library facilities.

Membership fees are fairly modest and are usually paid for by employers—but, in any case, they're deductible. Here's a selected list of management societies—all of which, incidentally, offer some of their services and publications to nonmembers (information available on request):

American Management Assoc., 1515 Broadway, N. Y. 36, N. Y. Memberships: Individual—\$50, Company—\$300.
American Marketing Assoc., 27 E. Monroe St., Chicago 3, Ill. National—\$15, Chapter—from \$3 to \$15.
American Production and Inventory Control Society, 330 S. Wells St., Chicago 6, Ill. Individual—\$15.
Industrial Management Society, 330 S. Wells St., Chicago 6, Ill. Individual—\$15.
Institute of Management Sciences, P. O. Box 273, Pleasantville, N. Y. Membership—\$10.
National Office Management Assoc., 1931 Old York Rd., Willow Grove, Pa. Individual—\$30, plus \$10 entry fee, Company—\$75 plus \$10 entry fee.
Society for Advancement of Management, Inc., 74 Fifth Avenue, N. Y. 11, N. Y. Membership costs vary; write for information.

Programing the Human Equation

In its rush to install automated techniques, top management has neglected the human factor—with results that could ultimately prove to be disastrous.

That's the major finding of a study of the human problems of automation just completed by Dr. Ben Miller of St. John's University, L. I., N. Y., for the American Management Assn.

Workers confronted with the prospect of a change in work methods are prone to defend the status quo, Dr. Miller reports, especially when they feel their own security is threatened. And unless the individual worker can be made to see how we will benefit from the prosperity and growth arising out

of technological progress, management will continue to be disappointed by automation's payoff, Dr. Miller warns.

To overcome employee fears about the machine's debut, Dr. Miller suggests management immediately get busy on a program of orientation. He outlines these three steps:

- Form an automation committee, made up of representatives of all the groups to be affected by the change.
- Start an education campaign to explain to the worker how he will be affected, why the change is necessary, and how reclassifications are to be arranged.
- Form a conference group (of managers, supervisors, and methods analysts) to keep informed about work disposition and machine efficiency.

Back to the City

A New York City real estate man has detected the first faint stirrings of corporate dissatisfaction with life in the suburbs, a mood that, if it continues, could signal a back-to-the-city movement.

The original exodus to suburbia started some 15 years ago and was dictated by wartime shortages of office space and office help, says Harry G. Huberth, Jr., president of Huberth & Huberth, Inc., real estate brokers. It was felt, at the time, that not only would female office workers be in more plentiful supply, but that executives, living in exurbia, would welcome the opportunity of working closer to home.

But, says the real estate man, many corporations are now finding that country living has its disadvantages, too. For one thing, the turnover of female office help is larger in the suburbs than it is in the city, which has a larger force of career girls.

Then again, top management misses the stimulation of big city life, Huberth contends, as well as the closer contact with the service centers of marketing, advertising, and finance. For companies with international entanglements, there is also the added handicap of being too distant from United Nations headquarters, with its trade and economic missions.

With office space in abundant supply once more—as a result of the postwar building boom—out-of-town firms are casting longing eyes cityward. However, many firms will be forced to stay in the suburbs, says Huberth, because their investments in new plant and office buildings are so large they can't afford to move again.

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PURCHASING WEEK ASKS . . .

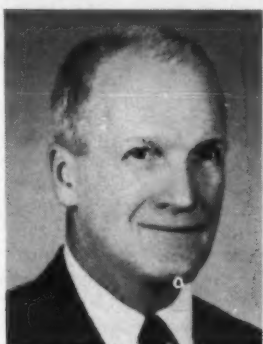
Do you think vendors exert enough effort to keep buyers abreast of upcoming price changes?



W. W. Stevens, purchasing agent, Commercial Solvents Corp., Monroe, La.:

"As an all-inclusive question I would have to say 'no.' It has been some time since anything other than price increases were being announced. Many vendors are somewhat reluctant to advise of increases except as an incentive for the buyer to issue an order before the effective date of the increase or to increase quantities already on order. In many instances, the buyer is not aware of substantial price increases until he tries to buy at the same price previously paid."

We believe improved vendor-buyer relations would be possible if vendors did keep buyers informed, particularly on items of large quantities or of a recurring nature."



A. W. Redfield, purchasing manager, Huron Milling Div., Hercules Powder Co., Harbor Beach, Mich.:

"Except for a few instances our vendors have kept us informed. This applies particularly to business of a recurring nature and there are several fairly obvious reasons for it, beyond maintaining good relations. Such advance information under some circumstances could be an inducement to reward the source but possibly the vendor's strongest reason is his desire to secure all available business with an anticipated price increase as the incentive."



R. F. Dragoo, purchasing agent, Indianapolis Water Co., Indianapolis:

"The lack of this type of service indicates laxness or disinterest in an account which is not healthy for either buyer or vendor. The ever-present inflationary spiral, coupled with soft spots in various areas of our economy, requires the alert vendor to constantly inform his buyers of price changes—particularly price increases—or trends that would point toward a change. It would be especially helpful to the buyer in controlling inventory."



L. M. Gagne, purchasing agent, Rau Fastener Co., Providence, R. I.:

"No—you will find printed on most acknowledgements, invoices, and quotations, etc., that prices are subject to increases without notice. If this is not formally written out, then it is usually taken for granted. I feel it would be an added service on the supplier's part to advise the buyer on certain repeat items of forthcoming increases. In fairness to some, I must say this is being done, but it should be done by all."



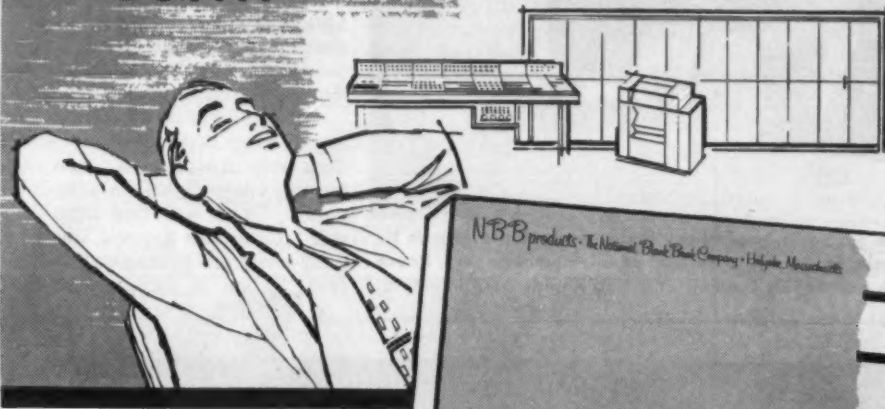
E. Lark, purchasing agent, Detroit News, Detroit:

"Some do, some do not. In general our suppliers have been most cooperative. In some cases, manufacturers have failed to notify distributors of price changes in time for them to notify us and allow us to stock up on the items before increases went into effect. Suppliers could do a real service by notifying customers of price changes when the purchase order price does not conform to their current price, rather than shipping or billing merchandise regardless of price variations."

Suggest a Question to:

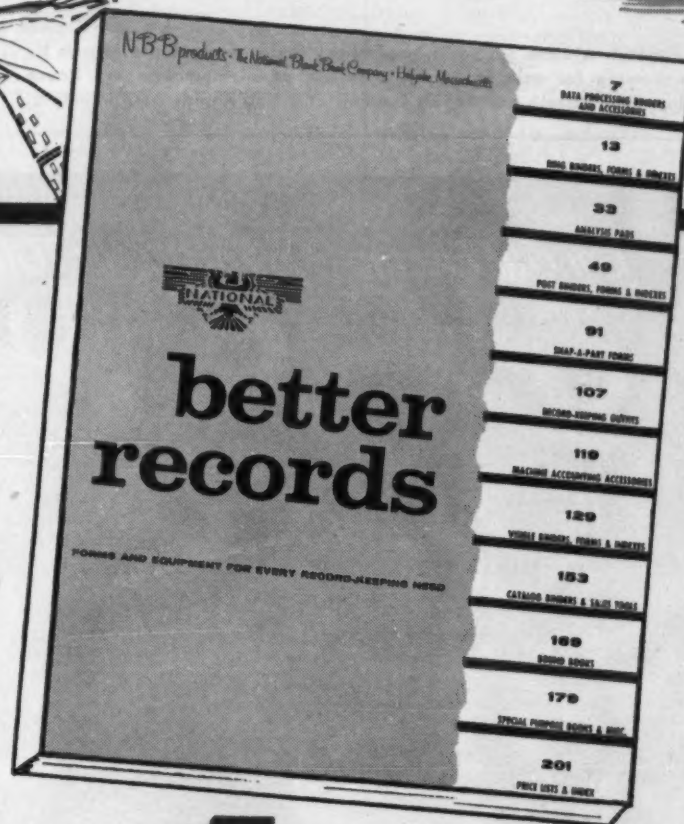
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PANELIST William Shiry (1) emphasizes importance of the search by purchasing for new materials to fellow panel members (l-r): Royce Clay, John Bissell, and Robert Gunnell at Grand Rapids Assn. meeting.

Greater Engineering-Purchasing Accord Urged

Grand Rapids, Mich.—A sound approach to boosting teamwork between engineering and purchasing was advanced by Robert Gunnell, vice president-purchasing, Rapids-Standard Co., at the monthly meeting of the Grand Rapids Purchasing Agents Assn.

Spend plenty of time with your engineering department to enlist their help in working on new materials, Gunnell told a four-man panel. "You will find that they will let you do a good share of their original ground-work," he said. "Then if they realize that

they will actually do the testing and share in making the decisions, they will be willing to work with you."

Scheduling must also be a part of a new product development program, Gunnell said. Key points in scheduling: (1) set definite production target dates, and (2) set cut-off dates for switching from old to new materials.

The panel was moderated by Royce Clay, purchasing agent, American Seating Co. Other members were John Bissell, director of purchases, Bissell, Inc.,

and William Shiry, purchasing agent, Lear, Inc. The panel agreed on these seven ground rules for evaluating new product design:

- (1) Initial presentation.
- (2) Referral to technical group.
- (3) Search for sources, availability, costs, limitations, and applications in other uses.
- (4) Determination of advantages vs. disadvantages based on: total product costs, royalties, capital expenditures, quality of finished product, advertising and marketing, styling, and technical personnel available.
- (5) Management decision.
- (6) Educational program.
- (7) Sample or pilot run procurement.

Florida P. A.'s Get Air Force Briefing At Missile Center

Cocoa Beach, Fla.—A record turnout marked the fourth quarterly meeting of the Florida Purchasing Agents Assn. Over 100 purchasing agents participated in a three-day program that ranged from discussions of purchasing topics to rockets and missiles.

Saturday morning group discussion sessions proved to be a popular feature. Association members split into three groups—governmental, industrial, and distributor—to air common problems.

P.A.'s received a briefing on the Atlantic Missile Range from Maj. James F. Reid, chief of Community Relations Branch at the Air Force Missile Test Center, and later also toured the Cape Canaveral Missile Test Center.

Reid stressed that no missile fired in this experimental work is a failure. Something, he said, is always learned regardless of what action may be taken.

Court Cools Off Judge In Hot Fight With P.A. Over Air Conditioner

Madison—P. A. Richard Lindgren won't go to the cooler again because he refused to buy an air-conditioner for a fiery judge.

The Wisconsin Supreme Court ordered Kenosha County Judge Harold M. Bode to drop his contempt order against the county-clerk-purchasing agent.

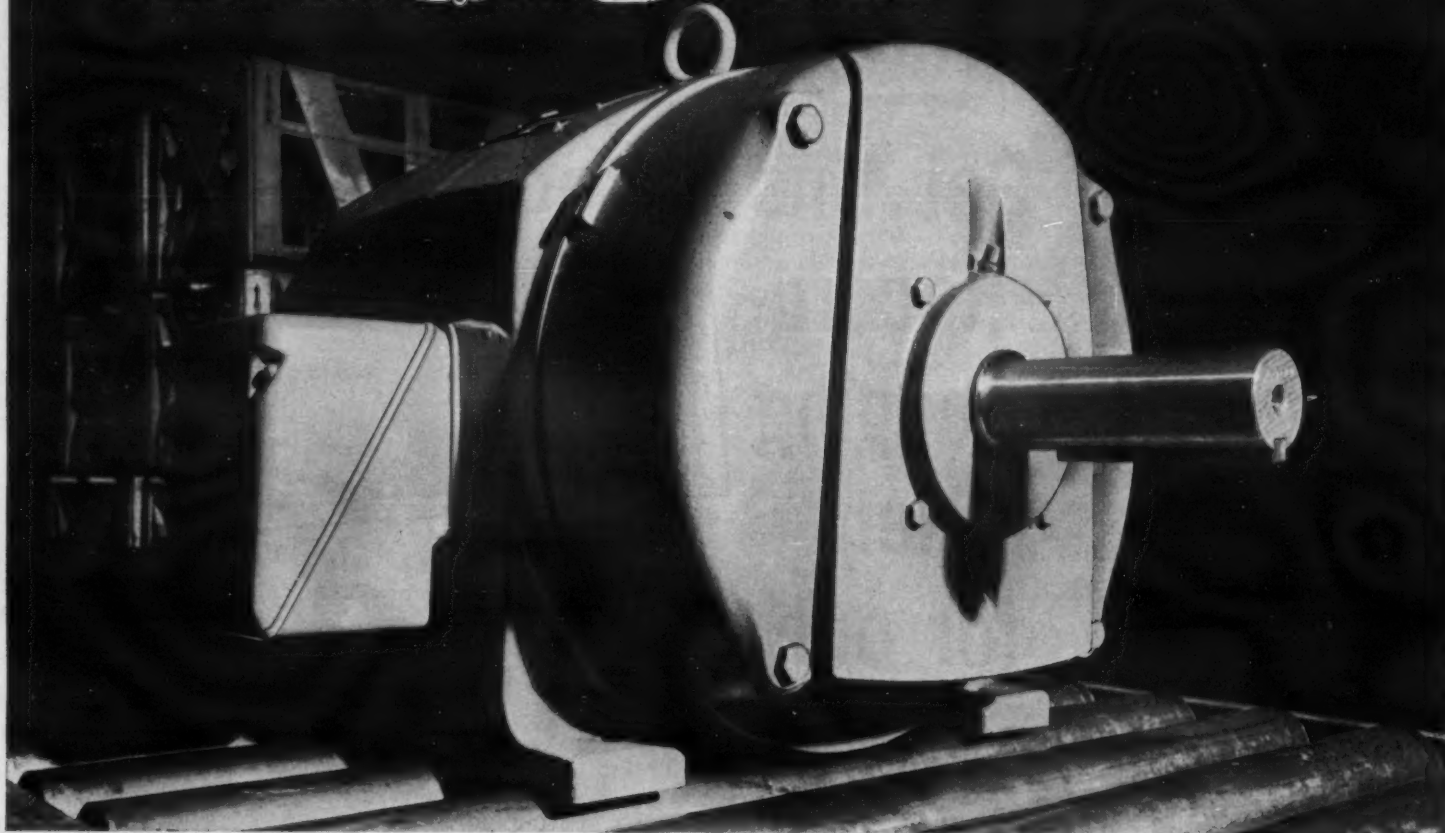
The case was ignited by 90-degree weather last summer when Lindgren refused to authorize payment for an air conditioner which the judge had installed in his chambers.

Lindgren told the judge at the time that he had no authority to order the air conditioner and that the judge would have to pay for it himself unless the county board authorized the purchase.

Judge Bode got hot under the collar, cited Lindgren for contempt, and put him on ice. Lindgren later was freed on a writ of habeas corpus.

The state supreme court called the case "A tragedy of errors" and said the judge proceeded "ineptly."

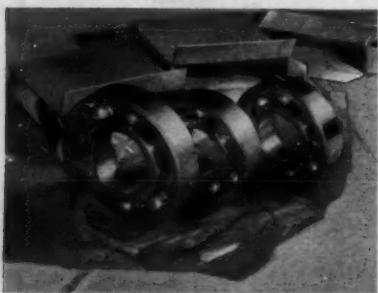
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GENERAL ELECTRIC



A. B. WADSWORTH (l), Dist. 6 v.p., Allegheny-Ludlum Steel Co., chats with C. W. McIvar (ctr.), Rockwell Mfg. Co., and E. F. Andrews, Allegheny-Ludlum, who headed problem clinic in purchasing manuals.

Cost-Cutting Engrosses P.A.'s at Dist. 6 Session

Toledo—Problem clinics and corridor talk at the NAPA 6th District Conference here revolved around the same theme—purchasing's central role in reducing costs.

A clinic session on traffic problems provided some answers to questions about cutting transportation costs. Dan Nolan, purchasing agent, S. M. Jones Co., Toledo, and Charles McCracken, sales manager for Toledo's Liberty Highway Co., led the discussion.

"Get friendly with the rate

clerk," Nolan advised. "He's the guy who'll be able to tell you if you're not providing the proper description on the goods you ship, and he can help you realize appreciable savings on your shipments by the use of good bills of lading."

McCracken, who answered questions on jurisdictional labor problems, told P.A.'s to take advantage of the services of their shippers.

"Make the haulers' salesmen sit down and discuss their services with you," McCracken said.

"Whether it is heavy shipping or small shipments, they can help make sure you won't pay unnecessary shipping costs."

W. L. Betz, Buckeye Steel Castings Co., Columbus, warned P.A.'s at another clinic session to investigate leasing plans thoroughly before making a decision to lease or buy.

"If you want equipment and you consider leasing, get all the facts," Betz said. "There are many programs which can best suit your cash and loan requirements. Be sure you get all the facts on available plans, understand the problem and decide each case on its individual merits," he advised.

Howard A. Williams, director of purchases, Eaton Mfg. Co., Cleveland, discussed how to get along with engineering departments in another of the clinics.

"Engineering and purchasing have common problems," Williams said. "It's up to us to get the engineers to assist purchasing in getting fair competition in all materials we buy, and to aid purchasing's cost reduction activities by designing or redesigning components with the ultimate in cost savings in mind."

"Within the next five years we're going to see the most competitive cost situation in years," Williams predicted, "and the declining profits will make management realize purchasing's significant contribution to controlling costs."

Looking at the central theme of cost reduction from the salesman's side, R. S. Meighen, sales vice president, Weirton Steel Co., division of National Steel, described improved production methods and products that helped purchasing agents get more for their steel dollars.



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(More packaging news from International Paper)

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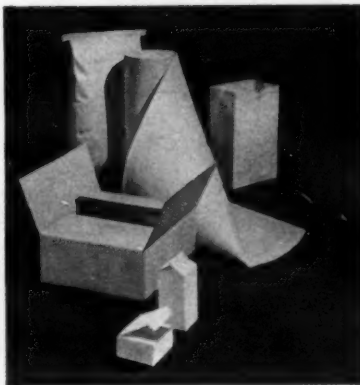
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*T.M.



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Follow-Up

Letters & Comments

Editorial Myopia

Indianapolis, Ind.

Please tell me did you use Charlie Perkin's picture in error in your "PURCHASING WEEK Asks" column, Nov. 7 (p. 11)? Or has Benton Long aged and have my eyes started to fail?

John M. Berry
Vice President

Kennedy Tank & Mfg. Co., Inc.

• Our apologies to Messrs. Long (U. S. Lime Products Div., Flintkote Co., Los Angeles) and Perkins (Union Oil Co. of California, Los Angeles). Here's the picture of E. Benton Long that should have appeared:



Air Force Does About-Face on B-70 Program

Washington—The long-range outlook for volume production of manned military aircraft has perked up with the Administration's decision to reinstate the Air Force's B-70 bomber development project to weapon system status and to release funds for assembly of two fully-equipped prototype planes.

The project was virtually tossed out last year in an economy measure which terminated development work of B-70 electronic subsystems and limited the program to production of one fly-

able, stripped-down test model of the aircraft.

In reversing itself, the Administration has brought the project's total budget for the year to \$265-million. This is still well under the Air Force's initial schedule for B-70 development, and will allow reinstatement of the subsystem work on what an Air Force official calls "an austere basis."

First flight test of the stripped-down B-70 prototype is now set for late 1962. A fully-equipped weapon system model (the YB-

70) is scheduled to fly a year later. The plane is designed to fly at 2,000 mph, operating at an altitude of 75,000 ft., and to have an intercontinental range of at least 8,000 miles.

According to Pentagon insiders, the Air Force seeks close to \$600-million in the 1962 budget to increase the schedule for prototypes to 12 aircraft.

President-elect Kennedy is viewed as sympathetic to the Air Force's argument on the strategic need for the B-70 in the missile era.

Study Groups Urge ICC Changes To Put Stress on Policy-Making

Washington — Two special study groups have recommended a reorganization of the Interstate Commerce Commission. Both suggest that the 11 commissioners be relieved of numerous duties that keep them from devoting full attention to policy-making functions.

One study, requested by the commission itself, was made by a group of practitioners who argue cases before the ICC. The other, ordered by the govern-

ment's Bureau of the Budget, was made by Booz, Allen & Hamilton, a management consultant firm. The two studies were conducted independently.

Both expressed concern that the commissioners now deal with so many administrative and enforcement matters that they lack time to focus on and deal positively with major transportation policy issues. In addition, both groups felt that too many routine cases which should be disposed of at lower levels are now carried before the commissioners.

Responsible for Bureaus

At present, each commissioner, excepting the chairman, directs the activities of one of the ICC's 10 bureaus. He thus becomes involved not only in managerial duties but also in regulatory functions—seeing to it that ICC regulations are adhered to. These duties take up an estimated 25% to 50% of the commissioners' work time.

Both study groups said their proposed streamlining of ICC operations would result in speedier and more carefully thought-out decisions on matters of major import.

The practitioners suggested that the commissioners centralize all managerial and regulatory functions in an executive department headed by one of their number who would be named the executive commissioner. He would be relieved of adjudicatory (policy-making) duties except in proceedings of general importance and in cases where his vote would be needed to break a tie.

The management consultant firm would accomplish the same end by creating an ICC administrator to manage the agency as an alter ego of the commission chairman.

Both groups would revamp the bureau setup of the commission, providing for greater delegation of authority.

Bit-by-Bit Policy

Both also recommended that the commissioners abandon their present practice of deciding cases on the narrowest possible basis so that policy evolves only bit-by-bit on a case-by-case basis. They suggested that the commission use key cases to enunciate broad general policies that would leave little doubt where it stands on major transportation issues.

The practitioners also said the commissioners ought to take a greater hand in writing opinions instead of farming the job out to "opinion writers" on their staff. The practitioners said the anonymity of these opinion writers leads to a lack of public confidence. Often, they said, the opinion writers are inexperienced attorney-advisors to the commissioners.

Hooker Boosts Capacity

Niagara Falls, N. Y.—Hooker Chemical Corp is boosting its capacity for producing sodium chlorate at its Columbus, Miss., plant.

Expanded production of the chemical used in bleaching agents, weed killing chemicals and in solid fuel propellants, is expected to begin early next year.



New Signode high-speed strapping machines

It's simple. The operator positions the package or bundle, steps on the foot switch, and the strapping is applied, sealed, and severed in seconds ... more than fast enough for the highest production rates.

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New Plants and Expansions

Armour

Philadelphia—Armour & Co. is subordinating meat packing to chemical interests in a new \$60-million expansion program. For the first time investments in chemicals exceed allocations for meat producing facilities.

Major expansion will be made in Armour Agricultural Chemical Co. and will triple the firm's production of phosphates and nitrogen by 1962. A new nitrogen plant will be built at Sheffield, Ala., and a phosphate operation at Polk, Fla.

Avondale Mills

Birmingham—Avondale Mills has budgeted a whopping \$8.5-million for capital improvements at five textile mills during the next two years.

The Catherine Mill at Sylacauga will be modernized to make knitting sales yarns, and the Pell City mill will be converted to grey goods from blue denim production. Other improvements will be made at the Sycamore spinning mill, the Birmingham mill, and the Eva Jane mill at Sylacauga, which will begin production of denim.

Copolymer Rubber

Baton Rouge, La.—Copolymer Rubber and Chemical Corp. has placed a new 95,000 sq. ft. warehouse into operation.

The building used a labor saving "tilt-wall" method of construction, in which sections of the wall were poured in place and then lifted and tilted into position. The warehouse provides seven truck platforms with automatic loading docks and 150 ft. of rail siding for freight cars.

Graver Tank

San Francisco—Construction has started on a \$1.5-million steel pipe fabricating plant in Lockeford, Calif., to be run by Graver Tank & Mfg. Co., a subsidiary of Union Tank Car.

The new Graver plant will supply 87-in. diameter concrete coated pipe for a 32-mile stretch of the East Bay Municipal Utility District's third Mokelumne Aqueduct.

Linde

San Francisco—Linde Co., division of Union Carbide, has opened a new warehouse at 7 South Linden Ave. here to supply rare gases and special gas mixtures to West Coast industry.

These gases were previously available only from Linde's plant at Tonawanda, N. Y. Gases to be stocked at the new facility include, argon, helium, neon, krypton, and xenon.

Allied Chemical

Hopewell, Va.—Allied Chemical Corp. will build a \$2-million addition to its tire cord manufacturing facilities at Bermuda Hundred, here.

The addition will triple the plant's production capacity for

nylon cord manufactured by the National Aniline Division. Scheduled completion date is the middle of next year.

Shafford

Santa Monica, Calif.—Shafford Electronics & Development Corp. is the name of a new firm located at 2945 Nebraska Ave., here. Shafford will engage in precision design and manufacture of commercial, industrial, and military servo control systems.

Georgia Pacific

Portland, Ore.—Georgia Pacific Corp. has started construction of a \$1.5-million corrugated box plant at Olympia, Wash.

The 120,000 sq. ft. plant is scheduled for completion in March and will have capacity for turning out 25-million sq. ft. of corrugated paper monthly.

Dayton Plastics

Dayton—Construction of a

\$15,000 warehouse addition to the Dayton Plastics, Inc., facilities is scheduled for completion in early December.

The structure will provide an additional 2,500 sq. ft. of warehouse floor space for the distributor and fabricator of plastic sheets, rods and tubes.

Tensolite

New York—The Mechtron Division of Tensolite Insulated Wire Co. has opened a new cable assembly plant on Water St. in Peekskill, N. Y.

The 7,500 sq. ft. facility is an addition to the firm's other

Peekskill plant on Division St. which is devoted to the production of specialty magnet wire constructions.

Allis-Chalmers

Philadelphia—Allis-Chalmers Mfg. Co. has announced a 10% expansion at its York, Pa. manufacturing plant.

The expansion is needed to handle a \$42-million backlog for hydraulic turbine equipment, a spokesman said. Construction will start in December on the addition which will add 36,000 sq. ft. of manufacturing space to the plant facilities.



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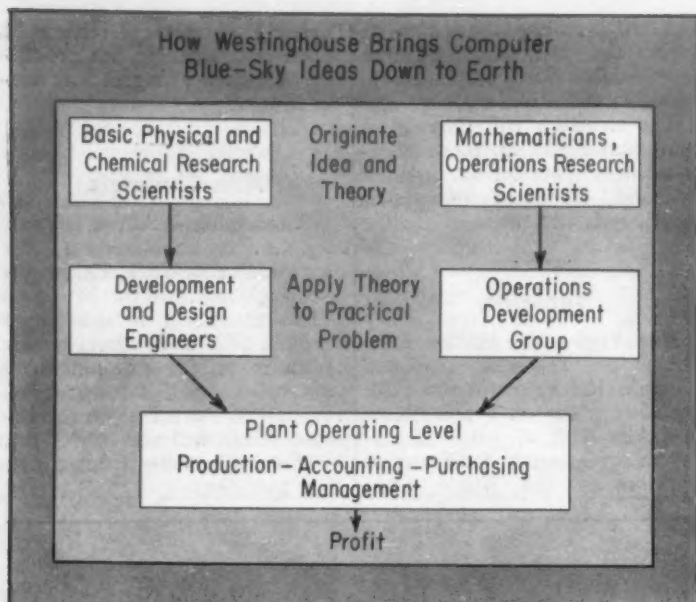
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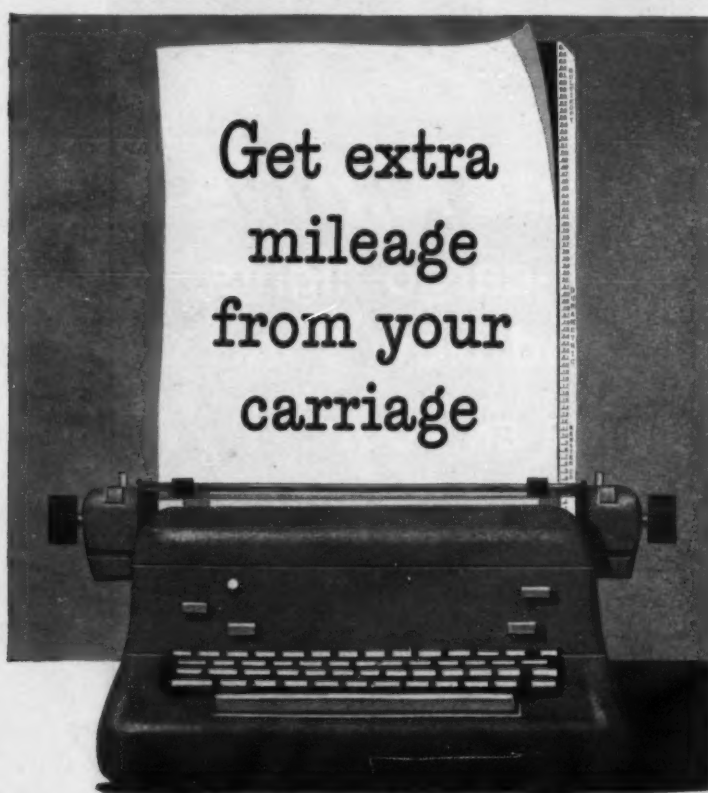
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Computer Translates Inventory Ideas

Newark, N. J.—Westinghouse Electric Corp.'s Meter Div. has bridged the gap between out-of-this-world mathematical theories and down-to-earth inventory control by use of a computer.

The division's Newark plant has a peculiar production problem, but its control record is an enviable one despite this. The reason: A four-man team known as the Operations Development Group has really put its computer to use as a practical work-a-day tool to contribute to every company's desired goal—profit.

Often a company will get a computer—only to stand in awe of it, never realizing its full potentiality. But not the Operations Development Group, headed by Douglas Young. This team has taken the theory of operations research and translated it effectively into practical computer decisions to guide plant management, including Purchasing under P.A. William Westlake.

Inventory control, stock-out

basic raw materials such as copper wire and magnetic materials, some 1,500 components (resistors, capacitors and the like) and about 1,000 other items of hardware.

Young and Westlake are quick to emphasize that the computer system is not one for writing automatic purchase orders.

"We are not interested in writing purchase orders—it doesn't offer enough possibility for savings," Young says. "If we did it, it would be as a means to an end—to get better information, or to get the order contents into machine-readable language."

The most profitable use of a computer is to tell management "how to make money." A computer system should be designed to answer this question for every management decision. In the inventory control and purchasing field, the question becomes, "What is the right amount to order, and when?"

Young views his group as a

team of applied management engineers who can answer these questions by putting theory into practice. He sees it as having much the same function as design and product engineers have in relation to basic research scientists (see illustration, left).

For example, the product engineer takes a scientific discovery and applies his practical knowledge of manufacturing processes to it. Result: a product the plant can make at a profit.

The operations development man does the same for operations research or mathematical ideas: he puts it into a computer system that management can use to make more profit.

Takes Engineering Mind

This takes an engineering-type mind tuned to management information needs. Without practical orientation, the mathematicians' formulas stay just that; the computer program ends up in the waste basket, and the electronic brain becomes an expensive piece of furniture.

Operations research, as interpreted by Young's group, answers the inventory question this way: You order frequently enough, but only in quantities sufficient to balance the cost of carrying the inventory against the cost of a stock-out. Or, put another way, "You control the inventory level to the point where the cost of losing a customer (stockout) is equal to the cost of carrying the inventory," says Young.

This concept isn't new; it is part of the original EOQ theory familiar to most P.A.'s and inventory managers. But there are two bugaboos: You must know your carrying costs and the cost of a stock-out. The former requires some sharp figuring in conjunction with the accounting department, but it isn't too hard to get, even without a computer.

But stock-out costs are more

How Computers Help the Inventory Manager

1. The manager is forced to think in more definite terms—he can't be vague or sloppy in his thinking because the computer requires accurate information.
2. Control is placed at a higher level, because management can choose the decision parameters in the computer, such as inventory levels to maintain.
3. Action time is shortened from information input to decision implementation. The system digests data fast and gets it to the manager quicker.
4. Top management's isolation from first-line implementors is removed. The brass can get action quicker, review performance more easily.
5. Specialized management must think in company-wide terms.
6. Management must think in terms of the most important variables that control profit, rather than a maze of petty details.
7. Management thinks more critically about the effect of its decisions because the company is linked by fast machine language communication bonds—tab cards, tape, wire or microwave.
8. It puts a premium on the search for people of high analytical ability to train for operations development—these men must be able to translate systems theory to practice through the computer.

costs and economic order quantities all are grist for the computer's mill. The result: an automatic control program which produced an inventory turnover prediction that came within 10% of the actual figure. And the Newark plant shipped 95% of its orders on time, with a predicted stock-out rate within 10% of the projected figure.

This is particularly good because of the plant's complex production problem: Customers can order any of 100,000 items, and 60% of the orders are filled from stock. Some 16,000 items are carried in inventory, and most orders have a billing value of less than \$100.

Control of many small items is possible through use of a Remington Rand Univac. This system figures out EOQ's stock-out rates and account activity, and projects desired stock-out and turnover rates.

Thus P.A. Westlake gets regular materials requirements reports from the system. These tell him what items he must order, how many, and when. Then, using normal purchasing methods, he places orders for the 7,000 outside-bought items used to make the electrical instruments and special relays that bring the division \$16-million worth of sales.

These outside items include

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Wire Fabrication Manual

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Into Solid Profit at Westinghouse Plant

complex in theory and in estimation. However, operations research techniques provided the method. Young sums them up this way:

- First examine inventory records to see how many times you have been out of stock.

- Total the extra costs that come with stock-outs. These are the costs of expediting, telephone calls, clerical work, in-plant overtime that accompanies late delivery of the components, extra freight, and other similar plant expenses.

- Compile sales records which indicate the profit level on small orders, seasonal distribution and the like.

Some common sense should temper your control methods to maintain your desired stock-out rate, says Young. It's patently absurd to waste dollars of valuable computer time controlling items worth pennies. The guiding limit is this: The cost of control should be approximately equal to the cost of a stockout. This focuses management's attention on the crucial items in inventory, and at the same time optimizes both control and stock-out costs. At the Newark plant, inventory control is broken down into three groups:

1. Planned accounts. This category includes about 400 large dollar value items, which are replenished about once a month. These are the basic raw materials and major component items. At present they are controlled by hand on a cardex system (the computer has yet to digest sufficient information to adequately control these items), but they eventually will be computer-controlled.

2. Regular probability accounts. This category includes about 7,000 items with less than \$3,000 per year consumption and a replenishment rate of from once a month to once a year. They are controlled on a probability sampling technique that checks the amount of stock in the account, as noted on the computers' memory drum, and figures reorder points on the basis of historical consumption data.

3. Reserve probability accounts. This category includes about 10,000 items with less than \$200 turnover and order rates of once a year or longer. Probability techniques also are used to control these accounts by computer.

Young says the inventory control figure and EOQ work depends on:

- The order point and lead time. This information comes from Purchasing for outside items, and from production records for in-plant items. This is a manual operation at present, but may eventually be mechanized, along with vendor performance data.

- Frequency of demand for the item. This is the number of times stock is drawn per month.

- Variability of demand. This is the way that frequency of demand varies month by month.

- The rate of use, or predicted consumption. This figure is based on probability.

- A balance of inventory carry-

ing costs against stock-out costs. • Set-up costs for internally made items, and purchase order costs for outside buys.

Young aimed his control effort first at the low-value items. This didn't offer the immediate savings of the usual ABC inventory control methods, but it did give the Operations Development Group a chance to prove its worth on items where "errors wouldn't be crucial," says Young. In addition, these were the easiest to figure, and success gave man-

agement confidence in their work. "You have to get people practiced in doing figurework," says Young.

"It's easier to get accepted by the organization by starting small. It doesn't upset traditional practices as much as if we started with the planned stock accounts. It was necessary to sell operations development to the rest of the organization."

Thus, a bite-size job was the first step, and the tasks have been increasing, ever since.



PAPERWORK PRECEDES COMPUTER WORK: Douglas Young (2nd from left), head of operations development group, huddles with co-workers on possible new uses for computer at meter div. plant in Newark.

Got a problem that calls for thread-cutting screws?

PARKER-KALON offers three new, improved thread-cutting screws for every application in every material



1 New, Improved P-K Type F*

... hardened thread-cutting screws developed for use in friable, granular or brittle material. The pilot, with its five tapping flutes, cuts a machine screw thread as the screw is turned in. The Type F is ideal for making fastenings to ferrous and non-ferrous castings, bronze or brass forgings, heavy gage sheet metals, structural steels, plastics and resin-impregnated plywood.



2 "Pentap"... the new, Improved P-K Type B-F*

(formerly F-Z) combining the five thread-cutting flutes of the Type F screw with the coarse-pitch, widely-spaced threads of the P-K Type B. The thread-cutting "Pentap" Type B-F distributes cutting pressure evenly, lets chips drop to the bottom of the hole, and prevents cracking of material. It is designed for making fastenings to comparatively thin sections and bosses in friable and brittle plastics.



3 P-K® Type L†

... is a completely new and improved thread-cutting screw developed by Parker-Kalon especially for use in Nylon. The Type L functions as a combination thread-cutting and thread-forming screw in that it cuts a small amount of the Nylon to allow the full diameter threads to form. Type L offers a particular advantage in Nylon assemblies which must be disassembled for service, because the P-K Type L can be removed and replaced without stripping or galling.

The five cutting flutes on the new, improved P-K Type "F" and "BF" reduce pressure development by 80 percent! The completely formed threads on these screws have sharper cutting edges, and 5 deep flutes that are of continuous depth. These features make for better clearance of the accumulated material and assure minimum stresses in driving, and avoid the possibility of stripping or galling.



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In the World of Sales . . .

Hugo C. Klix was advanced to sales manager, **Bar Feed Div., Lipe-Rollway Corp.**, Syracuse, N. Y.

Winton A. Vagedes succeeds **Cheever H. Ely** as Cleveland district manager, **Abrasive Div., Norton Co.** Ely has been selected for a special assignment in the New England District.

A. Richard Webster was assigned to the post of vice president-school equipment sales, **Warren Webster & Co., Inc.**, Camden, N. J.

Peter Morris has been named **Western Div. sales manager, American Concertone, Inc.**, a division of **Astro-Science Corp.**, Culver City, Calif.

James H. Moses joined **Chicago Miniature Lamps Works**, Chicago, as director of marketing. He had been with **Eugene Dietzgen Co.**, Chicago.

Charles E. Reichel was promoted to Chicago district sales manager, **Cincinnati Milling Products Div., Cincinnati Milling Machine Co.**

Henri M. Van Bemmelen has been named Southern California district sales manager, **Semiconductor Products Department, General Electric Co.**, Los Angeles.

D. Wheeler Clark was advanced to general sales manager, **Milford Rivet & Machine Co.**, Milford, Conn.

James H. Sells has been made district manager in the Houston area for **Rockwell Mfg. Co.'s Meter & Valve Div.**

John Robert Tench has been made vice president in charge of sales of industrial batteries, **Gould-National Batteries, Inc.**, Trenton, N. J. He succeeds **M. W. Heinritz**, former vice president of industrial sales who remains as a vice president and will be associated with the **Industrial Div.** in an advisory capacity.

Edward C. Nevergold was elected vice president—sales, **Ford Motor Credit Co.**, Dearborn Mich.

T. I. B. Gray has been assigned the post of sales manager, **Packaging Service Unit, Bemis Bro. Bag Co.**, Minneapolis.

Stanley B. Wygonik has been made sales manager, **Stainless & Strip Div., Metallon Plant, Jones & Laughlin Corp.**, Youngstown, Ohio.

Carl Machover joined **R. M. S. Assoc., Inc.**, Mamaroneck, N. Y., as manager of sales, a new post. He was formerly with **Norden Div., United Aircraft Corp.**

Herman I. Rudman was appointed manager of marketing, **Special Products Dept., Melpar, Inc.**, Falls Church, Va. He will be responsible for sales and sales promotion.

Frank L. Schulte has been pro-

moted to northcentral regional sales manager, **Statham Instruments, Inc.**, and will continue to work out of the Cleveland office.

Harold J. Billington, Jr., has been elevated to sales manager, **H. A. Wilson Div., Engelhard Industries, Inc.**, Union, N. J.

G. Blake Sabine was advanced to sales manager, **Hardigg Industries**, South Hadley Falls, Mass.

Phil K. Donnelly was appointed

district manager at **Federal Pacific Electric Co.'s** newly established Denver offices.

Daniel Tornello, Don Dombrowsky, and **Frank Wroblewski**, have been named regional sales managers of **Tensolite Insulated Wire Co., Inc.**, Tarrytown, N. Y. Tornello will be responsible for western states, while Dombrowsky and Wroblewski divide the rest of the country.

Louis W. Chenault was promoted to manager, Houston plant

and sales division, **Bemis Bro. Bag Co.** **B. E. Rogan** succeeds him as Houston sales manager.

George E. Parker has been appointed assistant sales manager, **Cincinnati Milling Machine Co.**, Cincinnati.

Marquis P. Orr has been named general sales manager, **Mackintosh-Hemphill Div. of E. W. Bliss Co.**, Pittsburgh.

Gray Rider has been given the new post of sales manager, **Air-supply-Aero Engineering Div., Garret Corp.**, Beverly Hills, Calif.

Ralph L. Leaf was made sales

manager, **Designers Metal Div., Southern Electric, Inc.**, Chicago.

Thomas H. Wakeman has been promoted to manager, **Sales Div., Kaiser Steel Corp.**, Oakland Calif. **Jack H. Webber** succeeds him as midcontinent district sales manager, Tulsa.

E. J. St. James, export manager, has been given the added duties of division sales manager, **Contract Sales Div., North & Judd Mfg. Co.**, New Britain, Conn. **W. E. Kingsbury** succeeds him as manager of the New York office, and **J. H. Henderson** becomes Philadelphia office manager.

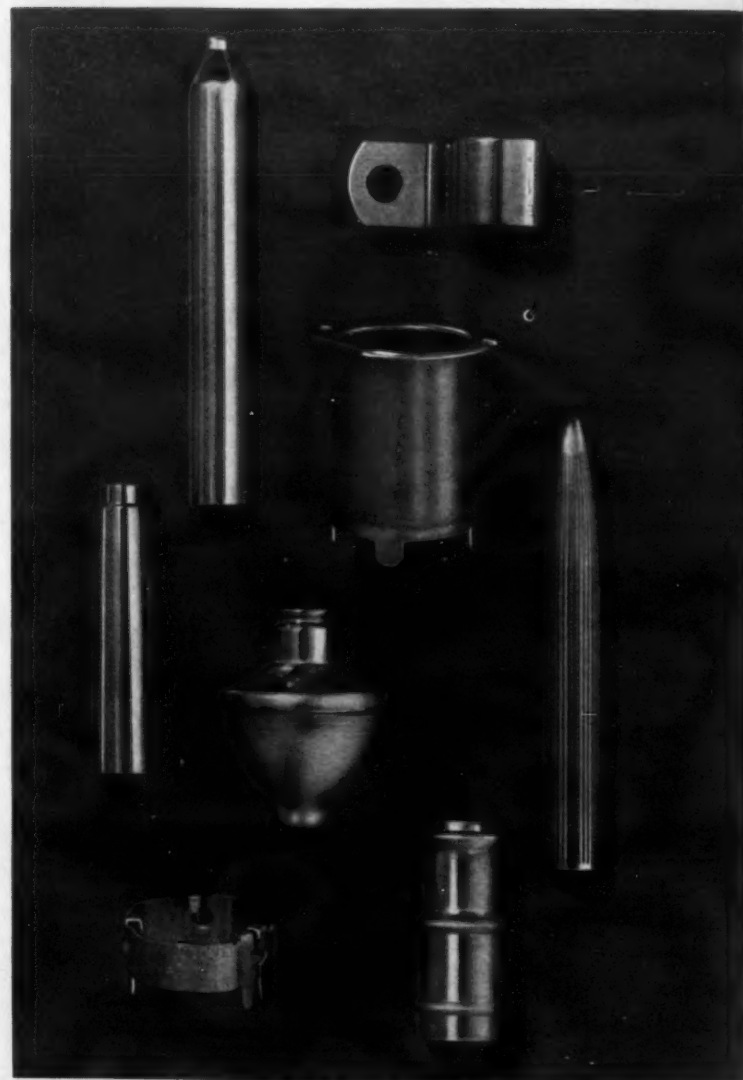
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Helps you with completely objective recommendations for your parts. Sylvania is backed by long experience in metals, plastics, welds and assemblies; can produce parts utilizing a wide range of automatic and semiautomatic equipment.

Offers design assistance that can often improve the quality of your part, and lower production costs.

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Sylvania can supply the parts you need—in the desired high production quantities—to the most exacting specifications—at lower costs. If your part is a deep-drawn eyelet, shell, cup or ferrule—Sylvania has already gained long experience in this field producing millions of fountain pen caps, curtain rod ends, etc. And if it can best be produced by four-slide equipment, Sylvania has produced millions of contacts, retainer clips, electrodes, etc. What's more, vertical press equipment and special Sylvania-developed machines also can produce great quantities of small and medium-size parts to meet your needs daily.



DISCUSSION on preventing communist infiltration highlighted Houston Assn. meeting. With speaker R. R. Casey, congressman, 22nd dist., Tex. (2nd from l), are (l-r): R. W. Stelzer, Jr., pres.; A. L. Sweitzer, v.p.; and W. E. Byrd, chairman, governmental affairs committee of assn.

This Changing Purchasing Profession . . .

John T. O'Connor, purchasing agent for **Ward's Natural Science Establishment**, was appointed treasurer and a member of the board of directors. He will continue to serve as purchasing agent.

Thomas W. Garcher has been appointed general purchasing agent, **National Ideal Co.**, Toledo.

Ray Marien was named purchasing manager-printing and supplies for **Olin Mathieson Chemical Corp.**, New York.

Lawrence J. Litalien has been promoted to purchasing agent, **Waterbury Farrel Foundry & Machine Co.**, division of **Textron Inc.**, Waterbury, Conn. Litalien



L. J. LITALIEN



RICHARD WELLS

had been in charge of the outside purchasing of castings.

Richard Wells, a member of **Columbia Steel & Shafting Co.'s** purchasing department since 1956, was made purchasing agent. Wells joined the Carnegie, Pa. firm in 1941 as an office messenger.

Neal H. Hutchison succeeds the late **Howard Lemmerman** as director of purchases, **Cleveland Div., Midland-Ross Corp.**, Cleveland. Hutchison had been staff assistant to the division's vice president.

Horace W. C. Rickert and **Jack Conterno** have been promoted to manager of materiel and purchasing agent respectively by **Consolidated Systems Corp.**, Monrovia, Calif.

William J. Eck has been made general manager, purchasing and stores department, **Chesapeake & Ohio Railway**, with headquarters at Cleveland. **Harold W. Brewer** becomes director of purchases. **R. J. Burns** and **E. S. Garnett** have been named purchasing agent and senior assistant purchasing agent respectively.

Thomas O. Walthal, former purchasing executive, has been appointed vice president-administration, **Stanley Aviation Corp.**, Denver. He had been general purchasing agent outside production for **Convair Div., General Dynamics Corp.**, Fort Worth, Tex., and since January, 1960, served on special assignment for **Convair** at **Stanley Aviation Corp.**

John C. Hendershott succeeds **Wilfred Downhill** as assistant purchasing agent, **General Railway Signal Co.**, Rochester, N. Y. Downhill retired after 48 years service.

Frederick F. Ward, former buyer, has been promoted from sales manager to vice president, **Arrow Tool Co., Inc.**, Wethersfield, Conn. Before joining the



F. F. WARD



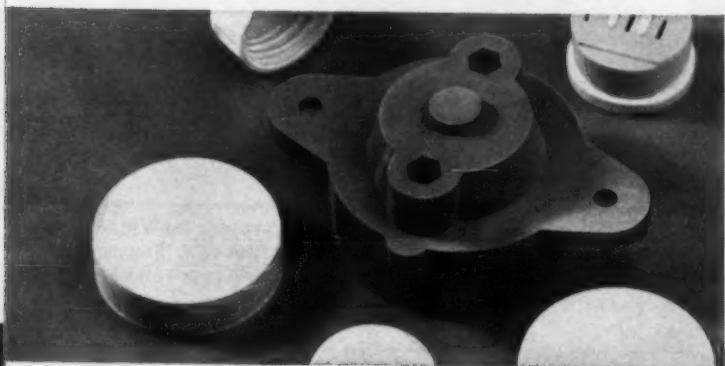
H. P. ROSEN

firm in 1959, he had been tool buyer for five years in the purchasing department of **Pratt & Whitney Aircraft Div., United Aircraft Corp.**, East Hartford, Conn.

Harry P. Rosen, who joined **Pacific Semiconductors, Inc.**, Lawndale, Calif., as a buyer in 1956, has been advanced to manager of purchases.

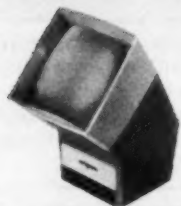
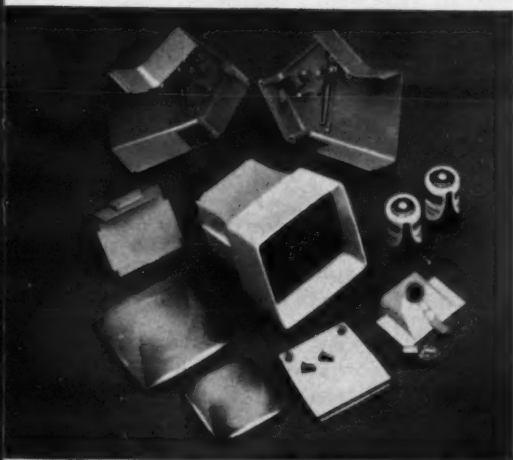
William M. Williams joined **Mack Trucks**, Plainfield, N. J., as director of purchases. He had been director of purchases for the **Plumbing & Heating Div., American Radiator & Standard Sanitary Corp.**, New York.

Lawrence H. Zahn, director of purchasing and package development at **CIBA Pharmaceutical Products Inc.**, Summit, N. J., was elected president of the **Packaging Institute**.



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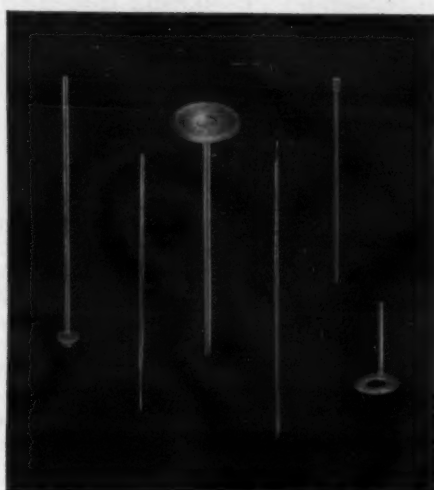
Sylvania maintains one of the world's most complete lines of modern automatic molding equipment for compression, injection and transfer molding. Example: a bank of rotary presses ideally suited to phenolics and urea. These presses can produce millions of parts each day and assure you efficient, quick and low-cost plastic parts in volume.



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What You Should Remember When You

Material	Where To Use It	What It Can Do
FILMS		
GLASSINE	Used mainly in food packaging and quite often together with other transparent materials; for packs, liners, and wraps. Also used as packaging for medical items, soap, metal components, tobacco (disposable pouches), and drugs.	Easy to handle and use on slow and high-speed lines, generally lightweight, keeps items sterile, and is easy to print on. Resists oil and grease. Can be laminated, coated, or waxed to improve properties. Generally crisp to the feel.
WAX PAPER	Powders, dry and greasy foods, frozen foods, soap, potato chips, bread, hardware, instruments.	Good consumer acceptance, easy to handle on packing lines. Resists cold, permits easy opening.
CELLOPHANE	Food, including fresh fruit and vegetables; individual wraps for pills and small candies; cigarettes; textile products; hardware, and textile products. Also used as outside wrap for cardboard, metal or paper containers; as special display coverings for sales promotion of large appliances, and as wraps for industrial items.	Water resistant and moisture-proof, resists sunlight, 5,000 to 16,000 psi. tensile strength. Thin, crispy, and highly transparent. Generally inert for most needs. Lightweight and static-free, it is gas-proof if dry, and resists grease and oil.
CELLULOSE ACETATE	Foods, including fresh fruits and vegetables and greasy items; paper and cardboard products; soft and hard goods. Also, toys, tools, small antibiotics and other drugs, laminations, electrical insulation, overwraps, large windows for cardboard boxes.	Long shelf-life, very clear, dimensionally stable, odorless and tasteless, non-toxic, stable in damp and wet areas. Resists grease and most oils, 7,000 to 12,000 psi. tensile strength. Permits gas or moisture transmission.
CRYOVAC (Polyvinylidene Chloride)	Frozen foods, poultry, and processed meats; other spoilable items in heat-shrinking flexible packages. Also, tools, parts, and other hardware and semi-hard items (except blades, drills, etc.).	Practically chemically inert, can be fitted to product but doesn't tear easily, 6,000 to 12,000 psi. tensile strength. Will not absorb water, resists acids, greases, organic solvents, alkalis (except ammonia). Heat shrinkable but won't melt until 290 F. Dimensionally stable.
PLIOFILM (Rubber Hydrochloride)	Used mainly for food items, including bread, smoked meats, and yeast. Also, inedible products that are hard to keep, drugs, coffee bag liners, and window boxes.	Resists sub-zero cold, laminates to other materials, good strength and toughness. Resists acids, greases, and alkalis. Gives true weld seals.
POLYPROPYLENE	Foods, oily tools and hardware, oil-impregnated cloth, sharp items inside "blister" packs. Also soft goods in wraps or bags, any package needing good visibility and long shelf life, and for window boxes.	Near-cellophane transparency, strong, relatively easy to seal, good gas and water barrier, oil-resistant, flexible, dimensionally stable, good abrasive resistance. Can be boiled or auto-claved, 6,600 to 7,800 psi.
POLYESTER	Hardware, sharp objects, very heavy or bulky edible or non-edible items, box windows, items designed for long shelf life.	Good transparency, over 20,000 psi. tensile strength, tough, heat shrinkable, high dielectric strength.
POLYETHYLENE	Frozen foods, fresh fruits and vegetables, candy, bread, powdered materials, other dry items. Also, textile products, tools, electric motors, paper products, drugs and pharmaceuticals, items with long shelf-life, packages inside packages, tires.	Excellent moisture barrier, very tough. Has satisfactory visibility, stretchability, high flexibility. Remains soft and flexible even at sub-zero temperatures. Generally inert except to strong oxidizers. Is heat sealable but hard to rip. Can be laminated to materials such as foil, paper, cellophane, or plastic. Has good printability.
SARAN (Polyvinylidene Chloride)	Especially good for bags and "peel" wraps for preserving food flavors, luncheon meats, bakery goods, hard goods and hardware requiring protection from contamination. Also, alcohol, drugs, oily or greasy products or items containing aliphatic hydrocarbons, detergents, solvents, liquids, powders, many acids.	Good chemical resistance, top-notch moisture barrier, excellent transparency, good gas barrier, and resists high heat. Gives clean bright appearance and has leather-like feel. Extremely flexible, 8,000 to 20,000 psi. tensile strength. Resists oil, grease, alkalis, solvents, and many acids.
VINYL	Hardware, card-packed cosmetic packs, card-packed pill boxes, tools, parts, nuts and bolts, garments.	Can be elongated up to 300%, resists acids, alkalis, and greases to some extent. Has long shelf-life and is available in wide variety of compositions and properties.
SHEETS		
ACRYLIC	Boxes for small parts, components, and other hard goods.	Dimensionally stable, takes temperatures up to 200F. Excellent visibility, resists weak alkalis, acids.
CELLULOSE ACETATE (Butyrate)	Rigid transparent and colored boxes, sleeves, tubes, vials, jars, display items. Also, vacuum or pressure-formed containers, "blister" packs, bubbles, skin packs, hardware, jewelry, automobile parts.	High transparency, lightweight, semi-rigid, high impact strength. Easy to color, resists most oils, acids, greases, hydrocarbons, and weak alkalis.
POLYSTYRENE	Rigid clear boxes for cigars, textile products, pharmaceuticals, cosmetics, candy, meats. Also, fasteners, tackle boxes, small parts holders, and other dry items.	Very good transparency, high tensile strength. Absorbs almost no water, resists most alkalis and acids. Has good dimensional stability to around 170F

You Pick See-Through Packaging Material

Where It's Limited	How To Work With It	Cost* (per 1,000 sq. in.)
Not quite transparent, heat sealable only after secondary treatment, relatively easy to tear, susceptible to damage from high heat.	Converted containers can be used very economically on hand, semi-automatic, or highly automated production lines. Easy to print upon by ordinary methods; saves on ink costs.	1.4¢ Bleached 25 lb. 3.0¢ Coated 28 lb. 3.3¢ Laminated 47 lb.
Low transparency, rips easily, wax coating is objectionable in some applications. Also, it sometimes attracts dirt and can be damaged by many chemicals.	Can be handled on high-speed automated printing, wrapping, and packing lines, as well as by one-man hand operations.	1.7¢ to 2.1¢
Susceptible to damage from high heat and intense cold, will not take strong acids or alkalis, has limited shelf-life, cannot be vacuum formed. Also, sharp objects will puncture film. Not recommended for powders, liquids, or boxes with large windows.	Can be applied by hand, but best results obtained on high-speed equipment. Easy to print on either side. User can make wraps from sheet or rolls, or buy bags and other forms from converters for hand or machine-loading.	3.0¢ to 3.3¢ 4.1¢ to 4.3¢ Coated
Blunt or sharp instruments can easily split or break film. Susceptible to organic solvents, strong acids or alkalis, brittle at sub-zero temperatures.	Can be handled most economically on costly automatic wrapping lines. Most types not heat-sealable. Can be laminated, coated, and printed on.	4.2¢ Cast 3.4¢ Extruded
Relatively high-priced.	Hand application of film and loading of bags is feasible. Vacuum equipment needed.	4.0¢ 60 gage
Sunlight damages film. Susceptible to some oils and solvents, will soften at 200F, some grades cannot withstand low temperatures.	Sheet, rolls, and converted shapes can be handled in most plants on proven machinery. Hand wrapping is feasible.	3.3¢ SS-7S
Relative newness results in some supply problems. Layers of film in roll stock may stick together in high humidity, printing requires special treatment.	Machines like those used for cellophane or polyethylenes can wrap or make bags. Thermo-forming units can make "blister" packs. Gravure or flexograph used. Handles easily with proper machinery. Hand-packaging generally uneconomical.	2.3¢ 1 mil
Relatively high-priced.	Special machinery or an adapter for heat and a chemical is needed for heat sealing. Coated types can be sealed on standard units.	11.2¢ 1 mil 6.9¢ ½ mil 17.5¢ 2 mil 9.1¢ ½ mil, coated
Not an effective gas barrier, softens under high temperatures, older packaging machinery may not be able to handle it. Also has low resistance to long exposure to sunlight, and is not too resistant to oil and grease.	New machines for high outputs handle it economically and very efficiently. Units built for paper and cellophane generally require modifications. Printing should be by gravure, flexography, or silk screen. Manual wrapping and loading feasible.	1.6¢ 1 mil, low den. 2.4¢ 1.5 mil, low den. 2.1¢ 1 mil, med. den. 2.1¢ 1 mil, high den.
Will shrink at temperatures over 270F, stiffens at sub-zero temperatures, may cling to machine components owing to static electricity, does not permit product "breathing."	Can't be heat-sealed by conventional methods. Bags are easy to fill with proper equipment. Hand-wrapping is painstakingly slow.	6.6¢ 1 mil
Continued sunlight affects some grades, susceptible to some solvents.	Can "gum" up production lines. Can be fabricated by calendering or extrusion, but both methods require costly production lines and considerable technical knowledge. Most economical method is to use packages made by an experienced converter.	4.0¢ Cast, 1 mil 3.4¢ Extruded, 1 mil
Relatively high-priced.	Can be fabricated or formed into thin-wall transparent containers, or molded into thicker wall boxes. Hand-forming is not feasible.	\$5.60-\$6.30 30 mil
May be damaged during shipment if unprotected, can be scratched, is susceptible to organic solvents. Also, it may cause production problems at processing temperatures over 200F.	Can be injection-molded or extruded as film, sheet, or tubing, and rapidly formed into almost any shape.	40¢ 10 mil
Comparatively brittle, scratches easily, sensitive to petroleum oils.	Can be molded, vacuum-formed, or extruded. Easy to print on.	38¢ to 47¢ 10 mil

*Approximate costs compiled from manufacturers list prices and *Modern Packaging* magazine.

Care and Feeding of New Growth Company Is Purchasing's Baby

Dallas—Ling-Temco Electronics, Inc., a loose-limbed, fast-growing wonder-baby less than a year out of the merger cradle, is laying sound purchasing plans for the future.

Purchasing management is struggling with many of the problems that confront brand-new corporate entities: decentralization vs. centralization, contract buying, differing purchasing policies, diverse technical problems.

But sound planning has brought it to its first threshold: a move to consolidate purchases of common large-volume items under blanket contracts. Volume discounts are expected to knock 10% to 15% off Ling-Temco's \$70-million annual bill for materials.

However, it is not the only step toward a healthy growth. Some 80 top executives from the 21 divisions and subsidiaries met in Dallas recently to plan what they believe to be "the future of a great corporation." The company hopes to follow in

the footsteps of IBM, Ampex, Texas Instruments, and Transatron in becoming a growth wonder in the electronics and aero-space industries.

Top management predicts that Ling-Temco will be one of the top five electronics firms in the next five years. This year, sales are expected to run \$109-million, and projections to 1963 foresee \$283-million.

Planning Seminar

The meeting was a long-range planning seminar in which purchasing, under Director of Materials Charles Collier, played an important part. Top management, engineering, marketing, purchasing and production executives met to learn more about the diverse products and activities of the new organization, and devise ways of working together in a decentralized structure.

Purchasing's key position in cost control made it an important subject at the seminar. There was great emphasis on better purchasing procedures and subcontracting policies at firms that do a lot of government defense contract work. Since Ling-Temco plans to put a heavy emphasis on military business (the long-range goal is 60% military sales, 40% non-military), the firm is now taking steps to correct "growing pains" which would hinder successful bidding.

Ling-Temco is the result of a mid-year merger of Ling-Altec Electronics, Inc., and Temco Aircraft Corp. Most of the new company's 21 divisions and subsidiaries are engaged in some type of electronics or space endeavor. And, until the merger, each had its own ideas about buying and other operations. The problem has been to get all of these branches to work together for mutual benefit, without destroying the separate entity concept.

All Areas Under Study

All areas at Ling-Temco, including purchasing, are now under study to accomplish this. However, an attempt is being made to do all of this without "centralizing" activity and policy at the parent firm's Dallas headquarters.

"We are trying to adopt a flexible program for purchasing that will keep actual purchasing at the divisional or subsidiary level," says Collier. "Our only goal is to consolidate the buying of those items that will give us a volume discount. We



NAME NAME ON THE CORPORATE SCENE: Merger babies aiming to become corporate giants have numerous growth problems. Ling-Temco turns for many solutions to . . .



CHARLES COLLIER, director of materials, whose position gives him a key role in current consolidation moves as well as long-range, high-level planning for the company.

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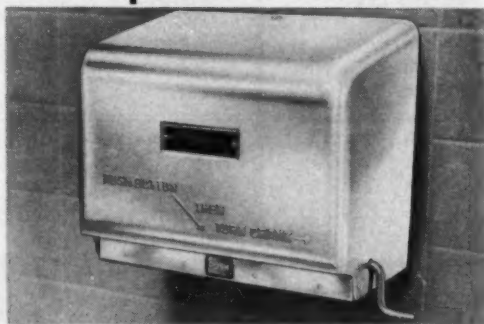


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believe that about 10,000 of the 100,000 items purchased annually by all of our affiliates will lend themselves to this type of buying. More important, this group of items probably represents 20% to 25% of our total dollar purchase volume."

Committee Studies Buying

Following the mid-year merger, a committee was set up to study buying and recommend changes. Collier has been in charge, and all branch purchasing groups have had a chance to have a voice in this. In fact, all are expected to make recommendations on a continuing basis.

Collier estimates that the list of items to be put on a volume-buying basis is now about 40% complete and will be finished by the first of 1961. Thereafter it will be reviewed twice a year for updating purposes, but the goal will continue to be one of volume buying on a consolidated basis where possible, with the various affiliate P.A.'s helping to call the shots.

On wide-usage items such as blueprint paper and fluorescent lamps, annual contracts will be made with the supplier offering the best product and price based on volume. Besides the savings in money, Collier says the system will cut down on paper work. Purchase orders will still be issued against a contract by a division

or subsidiary, but all of the price negotiating will have been worked out in the beginning.

There are exceptions, however. For example, Collier says the firm's tube division in New Jersey has had a long, friendly relationship with its glass supplier. "They like this supplier's products and services, and want to stay with him," Collier says. "Since they don't wish to change, we don't want them to."

Some fringe benefits also are being realized from the purchasing program study and are helping to reduce costs. These include:

• **Surplus capital equipment.** Before new equipment is bought, the branches check around with each other to see if another one has the item in its surplus stock. A report also is sent out listing surplus stock.

• **Printing needs.** All divisions now utilize a print shop which Temco had when the merger occurred. Before, the Ling companies contracted their printing work out.

• **Data processing.** Temco also had a very up-to-date data processing department, including IBM 650's and a 704. Other divisions are now feeding their raw material into this center for processing, instead of going outside.

• **Standardization.** Collier believes substantial reductions may eventually be realized in standardizing certain items which several or all branches use. For instance, five separate divisions may use electronics cabinets of different sizes where one standard size could fill all requirements. This will be an area that will come in for close study in the future.

"All of this just means we'll be working together as a team in the future to realize savings," Collier says. "We will also help each other in various ways, such as working together on preparing bid proposals."

It is in the latter area where Ling-Temco expects the big payoff. As one official says, "No matter how good your engineering capabilities are, you have to come in with the low bid on most jobs. If your material costs are out of line, you are out of the ball game before it starts."

Shipping Lead Concentrates

Spokane—Clayloon Uranium Co. has made the first shipments of lead concentrates from its new mill at Leadpoint, Wash.

Officials said the gravity-type concentrator is now in production on a one-shift basis. The concentrates were trucked to a stockpile at the Bunker Hill Co. smelter at Kellogg, Idaho. The smelter at Kellogg has been shut down since May, because of a labor dispute at Bunker Hill.

Industry News in Brief

Riley Stoker

Erie, Pa.—Riley Stoker Corp. of Worcester, Mass., has purchased the Union Iron Works here for an undisclosed sum.

The local metalworking firm manufactures boilers, vaporizers, heaters, process equipment, and autoclaves.

The acquisition will supplement Riley's product line of high pressure steam generating and fuel burning equipment for utility and industrial installations. The new unit will operate as a division with no changes in operations or management.

Reynolds Metals

New York—Reynolds Metals Co. has acquired Tilo Roofing Co., producer and distributor of various types of asbestos and asphalt building products.

The merger will involve an exchange of stock and will give Reynolds additional distributor strength for its line of aluminum building products.

Mansfield Tire

San Francisco—Mansfield Tire & Rubber Co. has purchased the Pacific Tire & Rubber Co. of Oakland.

Mansfield has held half interest in the company for the past 10 years, and has operated the Pacific plant through a leasing agreement.

The remaining half interest was acquired from Bay Rubber Co. for an undisclosed price.

Sorg Paper

Middletown, Ohio—All assets and trademarks of Royal Imprints, Inc., Lewisburg, Pa., paper firm, have been purchased by Sorg Paper Co.

Sorg has set up a new firm, Royal Imprints Co., to produce and distribute the Royal line of decorative paper products. Sorg plans to expand distribution beyond present Eastern markets, a spokesman said.

Glen Alden

Scranton, Pa.—Glen Alden Corp., has purchased all the assets of Hudson Coal Co.

However, Glen Alden will not acquire Hudson's corporate structure or its liabilities. Hudson Coal stock, wholly owned by the Delaware & Hudson Co., will remain with that firm.

Hudson, which sold \$17-million worth of coal last year, had virtually exhausted its own sources of coal and last month closed all its underground mining operations. Its chief assets are its name, market, and extensive land holdings.

American Lithographing

Des Moines—American Lithographing & Printing Co. has taken over operation of the Stewart-Simmons Co., Waterloo printing firm, to become the largest lithographing business in Iowa.

The merger and move to a new \$250,000 plant at 2405 Bell Ave.

will quadruple production capacity, a spokesman said

Gear-Cutting Machine

Milwaukee—The Bucyrus-Erie Co. has taken delivery of a \$400,000 gear cutting machine which took the Maag Gear Wheel Co. of Zurich four years to complete.

The machine is capable of cutting gears more than 19 ft. in diameter and was specially designed for the firm. It will be used

for the company's quarry and mine stripping excavators.

New Hooker Product

Jeffersonville, Ind.—Hooker Chemical has started production of a new chemical, tetrapotassium pyrophosphate, to be used in heavy duty detergents.

The chemical, called TKPP, is expected to be pushed in the industrial market for an all-purpose cleaner to replace sodium phosphates.

Alco Products

Schenectady—Alco Products Inc. will transfer its local diesel shop to its Auburn works in a consolidation move. The transfer will not affect the company's locomotive assembly and rebuilding facility in Schenectady.

Ace Engineering Moves

San Francisco—Ace Engineering Co. has moved its headquarters from Oakland, Calif., to San Francisco. The new headquarters will combine offices and warehouse facilities for the firm's activities in national distribution

of fasteners in the woodworking industries. The firm is a division of Bulldog Pallet Co., Newark, Calif.

Thermal Ceramics Expands

Denver—Denver Fire Clay Co. has been purchased by the newly formed Thermal Ceramics Industries Inc. for \$1.3-million.

Thermal Ceramics plans to expand facilities, product lines and develop products for national distribution, according to a company executive. A research and development lab has been constructed for testing and developing new ceramic products.

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*General Electric's trademark for configured fluorescent lamps

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Foreign News in Brief

Canadians to Finance

Toronto—Massey-Ferguson has established two company finance organizations in the United States and Canada to help the company "strengthen its competitive position in retail sales."

A variety of finance plans will be offered to both agricultural and industrial equipment purchasers through Massey-Ferguson's more than 3,000 dealers in North America, a company spokesman said.

Jaguar Boosts Output

London—Jaguar Cars, Ltd., will boost production 20% in 1961 and an additional 10% the following year in a move to catch up on a current six-to-ten-month order backlog.

The output expansion, expected to cost \$5.6-million, comes on top of record 1960 sales of some 6,000 units, worth approximately \$20-million.

UMW Signs 2-Yr. Pact

Hamilton, Ont.—Gypsum, Lime and Alabastine Ltd., of Caledonia, has signed a two-year agreement with the United Mine Workers.

The new contract provides for 8¢/hour wage increases over the two-year period, bringing salaries within a range of \$1.80 to \$2.33/hour.

Paperboard Plant

London—Britain's Albert E. Reed Paper Group and Italy's La Centrale Industrial and Financial Group are joining forces for a new paper and paperboard venture in Italy.

The joint company, Sicar S.p.A., will build a \$14-million paperboard plant with 40,000 metric tons capacity. The move represents the Reed Groups' first move to get into the Common Market area.

Chemical Div. Cuts Tags

London—The Chemical Division of the Distillers Co. has reduced the prices of all grades of acetic acid about 7½%.

The firm has dropped the practice of calculating prices on contract quantities and will now set prices exclusively on the size of delivery. The price cut affects only the company's domestic sales.

Allegheny Teams Up

Brussels—Two Belgian firms have teamed up with Allegheny Ludlum Steel Corp., Pittsburgh, to build a new \$10-million stainless steel mill in Belgium.

The plant, scheduled to begin operation in 1962, will produce and sell stainless and special steels in European and world markets. The Belgian partners in the new company are Evence Coppee & Cie, Brussels and Societe Anonyme Metallurgique d'Esperance-Longdoz, Liege.

New Bandsaw Unveiled

Amsterdam—A new type of

fully automatic bandsaw with hydraulic feeding mechanism has been developed by Machinefabriek Metalin, E. Brunnekreef of Borne.

The machine saws flat stock with a maximum width of 9 in., round stock with a maximum diameter of 9 in., and square stock up to 9 in. x 9 in.

Hitachi Gets Award

Tokyo—The Hitachi Shipbuilding Co. has contracted to

build three 12,000-ton freighters for the Soviet State Ship Export-Import Corp., at a cost of \$3.9-million.

The Russian purchasing mission also was reported near agreement with Japanese firms on three 35,000-ton tankers.

New Firm Licensed

Paris—A new firm, Breguet-Garrett S. A., has been licensed to manufacture air conditioning systems, designed by the Garrett

Corp., Los Angeles, for new jet aircraft being developed in France.

The firm is equally owned by Maison Breguet, a French industrial producer of electrical equipment, Westland Aircraft Ltd., parent company of Normalair Ltd., and Garrett International, S. A., Geneva, subsidiary of the Los Angeles firm.

Controls France Builds

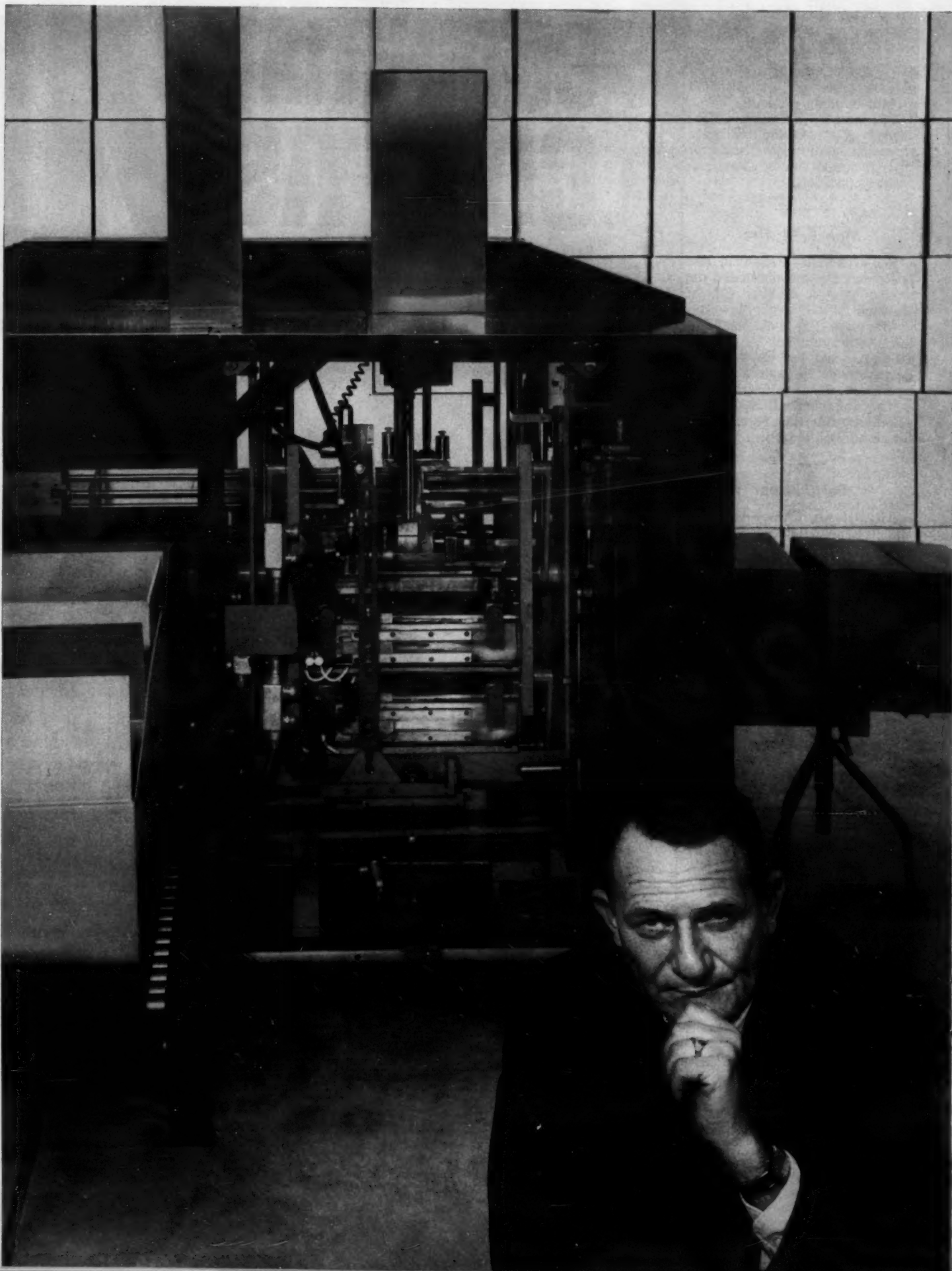
Paris—Construction is nearing completion on a new 27,000 sq. ft. plant to produce control equipment at Schirmeck, France. The plant will be run by Controls

France, a new operation of Controls Co. of America.

The plant will supplement production now being done in the firm's Nijmegen, Holland factory. Oil controls for French and other southern European markets will be the first products turned out.

Shell to Build

Toronto, Ont.—Shell Oil plans to build a \$20-million gas processing plant at Pincher Creek, Alberta. It will have daily capacity of 100-million cu. ft. of processed gas, 1,000 tons of sulphur, and up to 4,000 barrels of condensates.



Foreign Perspective

NOVEMBER 14-20

London—Copper prices took their expected downward course on the London Metal Exchange last week following settlement of the six-week strike at Anaconda Co.'s Chuquibambilla copper mine in Chile.

Copper buyers are now asking the question: Have prices hit bottom?

All indications are that they have not. Despite cutbacks by Rhodesian producers, the rest of the copper industry doesn't seem to be willing to face up to realities of the current copper glut on world markets.

One thing that could slow the down trend at this point—and

this would only be temporary—is the strike now looming at Kennecott Copper Corp.'s Braden mine in Chile. But even if the mine did go on strike—it's set for Dec. 31, 1960—it would only tie up about 3% of world output, too little to be of any significant effect. (When Anaconda's property, which accounts for about 9% of world output, was idle, the world was still 10% overproduced).

Just for the record: Anaconda workers received a 25% pay increase plus benefits—down from their original demands of 70%, but up from the company's 18% offer.

Some other statistics: It will take two weeks to get the mine back to its normal 25,000-ton/month output. The tie-up resulted in a net loss of 36,000 tons of copper. Most observers credit the settlement to intervention of the Chilean Minister of Labor.

Bonn—The delivery lag on German machinery is going to get a lot worse.

The trouble is that P.A.'s are buying more than most German

factories can turn out, hampered as they are by acute labor shortages.

Consider these figures: While German output over the first six months of 1960 climbed 18.4% above the same period of 1959, orders were running 30% above output. Right now, orders stand at a whopping 41.2% above current production figures.

On the surface, it would seem that simple expansion would solve everybody's problem. But the fact is there just aren't enough skilled workers around to handle demand for either new construction or machinery.

Machine orders, which dragged sales to \$2,636,000 during the January-to-June, 1960, period, despite a 5% price rise, owed almost half their existence to foreign buyers, who accounted for \$1,024,000.

Tokyo—Although some Japanese products, such as imported steel, are meeting opposition by some American buyers — in Texas, for example—the U. S. is still selling the Japanese more than it's buying from them.

According to the U. S. Dept. of Commerce publication, Foreign Commerce Weekly, American P.A.'s upped their total purchases from Japan by 21% to a new high of \$540.6-million during the first six months of 1960.

The Dept. of Commerce points out, however, that the Japanese bought \$782.1-million worth of American goods—and the figures show that Japanese purchases of American products is growing at a faster rate than U. S. imports of Japanese merchandise.

Tokyo — Japanese designers seem to be on a miniaturization binge, if last week's new products show of the Ministry of International Trade and Industry is any yardstick of things to come.

The spotlight of the show, sponsored by a local industrial newspaper as well as MITI, fell on tiny versions of now old familiar Japanese products. The Japanese are now obviously trying to cash in on their traditional skill at handling small objects by coupling this art with their post-war industrial progress in optics and electronics.

Many objects on exhibit are not in commercial production yet—but it won't be too long before they're ready to hit U. S. market. Typical of these was an Asahi Pentax 35 M single-lens reflex camera, which company officials say is now the world's smallest model using standard miniature film.

Other products at the show:

• **Pocket-sized burglar alarm**, regulated by two electric eye units. Manufactured by Kyoeki Sangyo Co., the alarm system is being sold on the Japanese market for \$20. Kyoeki also has a similar battery-operated burglar selling for \$12 here.

• **Tape recorders** that can fit into the palm of your hand. The several firms putting these units on the market say they'll go after the busy American businessman who wants to dictate letters while driving to work.

• **"Boroscope."** Takimoto Seisakusho Ltd. came out with this name for its new 5 M-diameter X-ray unit which can penetrate 200 M (about 8 in.) into the human body for internal examinations. It has a tiny light at one end and gives the viewer a magnified view from four angles.

Meet our mechanical man

Bill Jacobi has been fighting packaging inefficiency since the days of string tying.

Some day he hopes to win. Many claim he already has. Particularly users of Union-Camp shipping containers.

It's easy to understand why. As a result of putting some of his automation ideas to work, these companies have saved thousands of dollars in reduced handling and labor costs. To say nothing of increased production rates.

According to Bill, who's Director of our Package Engineering Department, packaging costs are like an iceberg. Only the top portion—or surface costs—can be seen. This is represented by the packaging materials.

It's the hidden costs that cause the trouble. These sizable expenses take the form of filling, handling, weighing, maintenance, labor, closing, warehousing and product damage. And it takes an expert to analyze them and make recommendations that will keep them to a minimum.

This is precisely the type of service Bill

and his team of specialists provide. Their studies cover inventory control. Plant layout. Filling and handling techniques and equipment. Manpower expense. Adaptability of containers to palletizing as well as to present (and anticipated) traffic flow. In fact, anything that contributes ultimately to reducing the unit-packaging-cost of the product—whether it's applesauce or appliances.

As Bill puts it, "In today's profit-squeeze economy, one of the only avenues left for achieving significant savings is through more streamlined packaging and handling of the manufactured product. It's an avenue well worth exploring."

If you agree, he'll be glad to explore it with you. There's no obligation. Just drop us a note on your letterhead.



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P/W Goes to the Business Shows:
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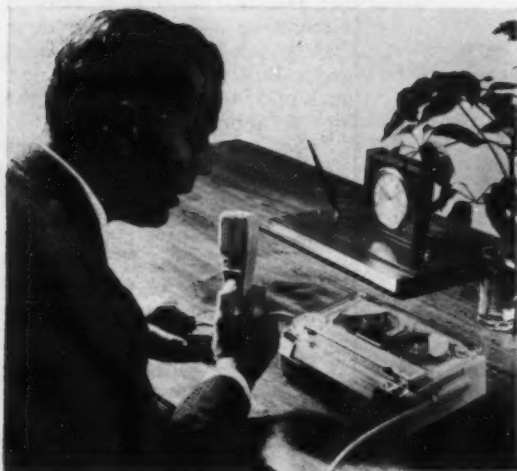


Typewriter

Has Proportional Spacing

"Raphael" model electric typewriter produces type-script with sharpness of fine printing. Proportional spacing gives print-like appearance and easy readability. Machine uses carbon ribbon. Price: \$590. Delivery: 30 days.

Underwood Corp., 1 Park Ave., New York 16, N. Y. (PW, 11/21/60)



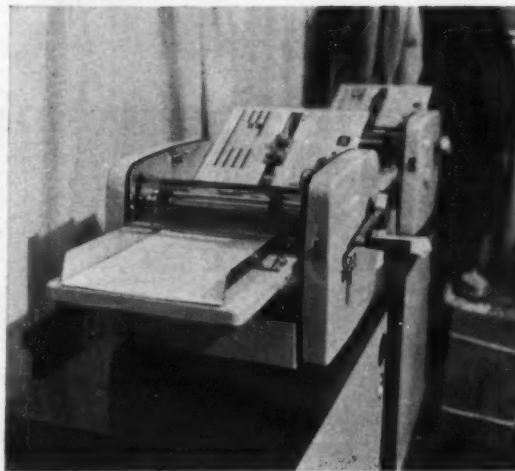
Dictating Machine

Features Built-in Index

Dictating machine comes with 90-minute magnetic tape. Unit weighs less than 9 lb., has a built-in indexing system to simplify and facilitate transcribing.

Price: \$219.50. Delivery: immediate.

Voicewriter Div., McGraw-Edison Co., 51 Lakeside Ave., West Orange, N. J. (PW, 11/21/60)



Paper Folder

Takes Stapled Sheets

Electric unit handles 110 sheets a minute. Angle adjustment compensates for paper not squarely cut. Machine folds sheets from 3 in. x 5 in. to 9 in. x 15 in., and stapled multiples of 6 or 8 sheets. Manual model also available.

Price: \$299.50 (electric) and \$199.50. Delivery: immediate.

Heyer, Inc., 1850 S. Kostner Ave., Chicago 23, Ill. (PW, 11/21/60)



Duplicating Paper

Makes 25 Copies

Copy papers for Thermo-Fax machines work together to produce low-cost copies. Over 25 copies are made from Type A (pink) paper on which is typed the original and from which copies are made on Type B (white) paper.

Price: \$2.92/c (Type A) and \$2.30/c (Type B). Delivery: immediate.

Thermo-Fax Sales, Inc., 1780 Broadway, New York, N. Y. (PW, 11/21/60)



Tape Recorder

Takes Written Memos

Machine records for two hours on 12-yd. rolled sheet which can be cut at any length and mailed. Tape is paired with memo sheet for notations corresponding to recording. Unit adapts to record telephone conversations.

Price: \$250. Delivery: 1 mo. (after April).

Mitsui & Co., Ltd., 530 Fifth Ave., New York 36, N. Y. (PW, 11/21/60)



Adding Machine

Fits in Briefcase

Small, 10-key, hand adding machine has automatic credit balance. Light (12-lb.) printing-type unit is portable and fits in a briefcase. Capacity is 8 x 9 or 10 x 11. Parts have 10-year guarantee.

Price: \$129.50. Delivery: immediate.

Alma Office Machine Corp., 349 Broadway, New York 13, N. Y. (PW, 11/21/60)



Pushbutton Phone

Eliminates Handset

Push button on phone allows user to receive incoming calls without using handset. Conversation is conducted by speaking "at" phone and receiving incoming voice over a companion speaker. To "hang up," button is repressed. Phone also works conventionally.

Price: Approx. \$150. Delivery: 4 mo.

Tele-Norm Corp., 55 W. 42nd St., New York 36, N. Y. (PW, 11/21/60)

New Products

Another PURCHASING WEEK service: Price and delivery data with each product description.



Desk

Adjusts in Height

Self-locking adjustable glides on desk legs compensate for irregularities in floor level. Double-channel legs and double-wall sides add strength and solidity. Top is of laminated plastic. Style series has choice of brushed or high-polished chrome hardware.

Price: \$294 (60 in. x 30 in.). Delivery: 30 days (after April).

Art Metal, Inc., 41 E. 42nd St., New York 17, N. Y. (PW, 11/21/60)



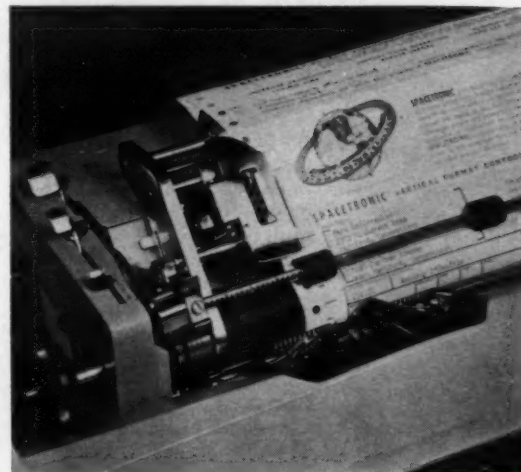
Intercom System

Has Touch-Button Dial

Telephone intercom system has split-second button or button combination dialing. Signal tone and light indicate incoming calls. System frees hands but receiver is optional.

Price: Approx. \$100 per station. Delivery: 30 days.

International Magnetronics Corp., 1845 Broadway, New York 23, N. Y. (PW, 11/21/60)



Typewriter

Eliminates Tab Setting

Typewriter has photo-electronic sensing device which permits vertical by-passing of any position on a form where no typing is required. Horizontally, a tab key moves the carriage to the left until a signal halts it at a vertical printed line where data should be typed.

Price: \$747.50. Delivery: 30 days.

Royal McBee Corp., Westchester Ave., Port Chester, N. Y. (PW, 11/21/60)



Stencil Cutter

Doubles Production

Drum speed of 240 rpm gives high production to electronic stencil and offset plate cutting machine. Unit transfers practically any printed material and photographs to stencil, plate, or spirit master. It can eliminate moire effects from any half-tone.

Price: Approx. \$2,000. Delivery: 4 to 6 wk.

Electro-Rex Corp. of America, 387 Park Ave. So., New York 16, N. Y. (PW, 11/21/60)

This Week's

Product Perspective

NOVEMBER 14-20

DATA PROCESSING ENGINEERS have outpaced the ability (or inclination) of companies to use the latest EDP techniques. Apparatus at the National Business Show in New York and the Business Equipment Exposition in Los Angeles gave viewers an idea of what a company could do once it gets beyond the preliminary stages of computerization.

Pieces of equipment that now exist only in prototype or as single custom installations most likely will be commonplace ten years hence. But most companies are still too preoccupied with mastering the ABC's of EDP to be worried about the more sophisticated devices now available. Here's what the latest hardware can do:

• **GETTING THE DATA.** Almost all information can be initiated as a byproduct of everyday business functions. For instance: Punched tape outputs on adding and calculating machines, or electric typewriters can feed information directly to computers. Magnetic check character readers can update financial accounts. Optical scanning apparatus can read sales checks, purchase orders, and other documents—translate them into machine language.

Information from out in the field can be sent to the home office in seconds and without any human help. Branch offices can send punched cards or tape directly into the home office for processing. A simple telephone attachment now under test will soon let salesmen insert a punched card into a small reader to forward information. Computers can already talk to each other over regular phone lines—at toll call rates.

A variety of devices are already on the market that make it easy to send information from a variety of plant locations to a central processing point. This means up-to-date stock reports from a storeroom—updated the second material comes in or is checked out. Data transmitted from out in the shop allows managers to keep a sharp eye on products as they flow through the production cycle.

• **DO THE PAPERWORK.** A full range of computers is now available to handle processing routines. The firm grossing a million a year or a billion should have no trouble finding a computer—the only problem will come in choosing the best one for the job at hand.

• **PRINT THE RESULTS.** High-speed printers now can grind out purchase orders, employee payrolls, and inventory reports as fast as the computer can do the calculations. Equipment is available to do the entire paperwork job—you now can even use punched tape to prepare addressing plates for your mailing lists.

• **REFER TO DATA.** Microfilm equipment now on the market uses a code in the film to find desired information in microseconds. And another company has developed a unit that can transmit microfilm images to any spot in the plant. Couple the two together—and all information is at the disposal of anyone in the company.

• • •

• Data processing equipment and techniques will make one of their biggest contributions in the purchasing function. That is what the experts had to say at a symposium at the California business exposition. Here's how Neal J. Dean, head of the management information systems department for the consulting firm of Booz, Allen and Hamilton puts it:

"Machines will replace a significant portion of the purchasing agent's function within the next 10 years. They can make routine purchasing decisions with absolute consistency. Thus freed of his present repetitive clerical burden, the P.A. will become a master programmer who can better calculate the broader effects of his purchasing decisions."

• • •

• New developments show promise of eliminating need for the common typewriter eraser. Latest approach is outgrowth of chalk-coated paper that first appeared last year. In original application, the typist merely placed a small piece of the correction paper over the original mistake and retyped the incorrect letter, masking the error with a coat of white. The correction is then typed right on top.

Eaton Ribbon Co. (Brooklyn) has developed a special typewriter ribbon made from the erasing material. The design was developed for Pallaird Corp., which will incorporate it in its Hermes typewriter. The typewriter is equipped to use two ribbons simultaneously—either a regular ribbon and carbon—or in this case a regular ribbon and special erasing design. Next step: a standard ribbon with combination regular and erasing sections.

P/W Goes to the Business Shows

(Continued from page 27)



Inquiry Station

Displays Information

Equipment interrogates computer, punched cards, paper or magnetic tapes and converts signals into alpha-numeric characters. Station instantaneously displays 64 different letters, numbers, and symbols at rates of up to 190 characters per inquiry.

Price: Approx. \$20,000. Delivery: 6 mo.

A. B. Dick Co., 5700 W. Touhy Ave., Chicago 31, Ill. (PW, 11/21/60)



Calculator

Weights 6 Lb.

Electric calculator has 10-column capacity with a 10-key keyboard. Unit adds, subtracts, multiplies, and divides. Size (10 in. x 7 in. x 3 3/4 in.) and weight (6 lb.) make it easily portable.

Price: \$235. Delivery: 30 to 60 days.

Bohn Duplicator Co., 444 Park Ave So., New York 16, N. Y. (PW, 11/21/60)



Accounting Machine

Integrates Tape Punch

Machine punches essential data into paper tape for further automatic processing while performing accounting functions. Variety of numeric and alpha-numeric models are available to meet wide range of application requirements.

Price: \$3,750 to \$35,000. Delivery: early 1961.

Underwood Corp., 1 Park Ave., New York 16, N. Y. (PW, 11/21/60)



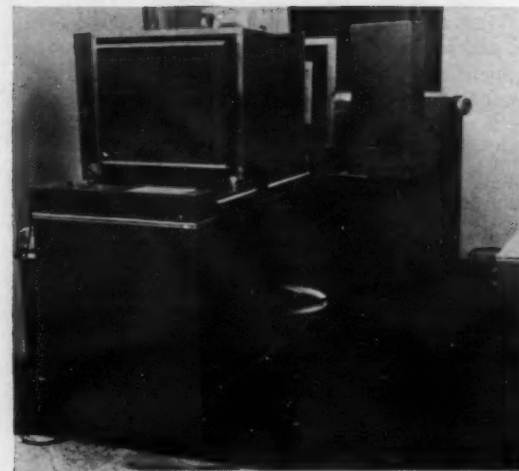
Video Transmitter

Works Without Camera

Equipment transmits microfilm records to remote areas without camera or lights. Operates on simple insertion of microfilm aperture card or roll film. Video system enlarges film size up to 60 times.

Price: \$14,000 (transmitter, 1 receiver), \$1,800 (additional receiver). Delivery: 60 days.

Nord Photocopy & Electronics, 300 Denton Ave., New Hyde Park, N. Y. (PW, 11/21/60)



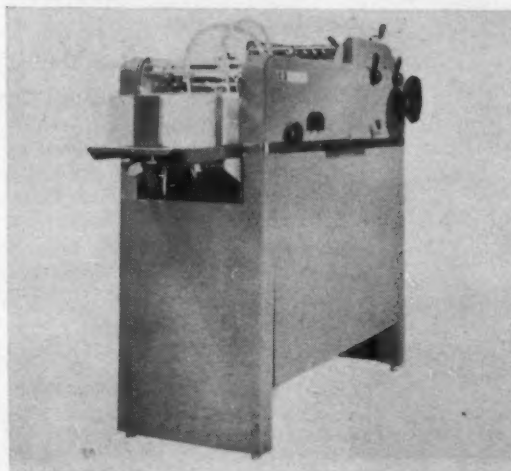
Copy Camera

Has High Output

Horizontal camera works in or out of darkroom. Copies originals up to 14 in. x 18 in. at an enlargement-reduction range from 3X to 1/3X. Location of adjustment controls for both lens and film platens on same side increases production.

Price: \$895 (top) and \$75 (base). Delivery: December.

M. P. Goodkin Co., 112 Arlington St., Newark 2, N. J. (PW 11/21/60)



Multilith

Runs 110 Copies/Min.

Multilith handles from 16-lb. to 110-lb. stock from 3-in. width, 5-in. length to 9 3/4-in. width, 14-in. length. Machine runs 110 copies per min. and has 1,000-sheet vacuum feeder with independently adjustable suction feet.

Price: \$1,700. Delivery: immediate.

Addressograph-Multigraph Corp., 1200 Babbitt Rd., Cleveland 17, Ohio (PW, 11/21/60)



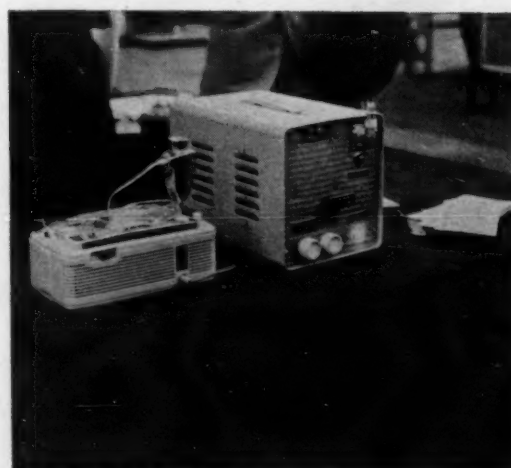
Calculator

Eliminates Resetting

Calculator multiplies and prints answers with both factors in three horizontal lines. Unit multiplies, adds, and subtracts and changes from job to job without re-setting or pre-setting of controls.

Price: \$495. Delivery: 30 to 60 days.

Comptometer Corp., 5600 Jarvis Ave., Chicago 48, Ill. (PW, 11/21/60)



Remote Recorder

Works 1/2-Mile Away

Remote wireless unit records at distance up to 1/2 mile. User carries only pocket-size mike and transmitter to activate recorder which records only while message is being dictated. Magnetic tape has up to 2-hr. recording time.

Price: \$995 (remote system), \$180 (recorder). Delivery: immediate.

American Geloso Electronics, Inc., 251 Park Ave. So., New York 10, N. Y. (PW, 11/21/60)

Peterson Electronic Die Designs Vinyl for Loose-Leaf Book Cover

Mineola—The Peterson Electronic Die Co. has designed a new vinyl loose-leaf book that replaces the rough "tear seal" edge of the binder with a smooth finished border.

Everett A. Peterson, executive vice president of the firm, expects the new design to win vinyl loose-leafs a wide variety of new jobs where "prestige demands a high-quality appearance."

In conventional vinyl binder covers, the stiffening board is sandwiched between two pieces of vinyl which are heat-sealed around the edges. Excess material leaves a sharp "tear seal" lip.

The Peterson method, made possible through new machine design, turns the outer vinyl sheet back over the book edge to seal it to the inner sheet just inside the border.

Only size binder presently available is 8½ in. x 11 in. x 1 in., although other sizes are under development. Typical cost for a three-color book with a hidden rivet and rounded back was quoted at \$1.65 (in lots of 1,000).

The "tear seal" has been viewed as a major drawback to widespread use of vinyl fabric in the \$38-million loose-leaf binder market.

Vinyl can simulate leather for the outer cover of a book and be paired with an inner cover of

simulated cloth. Its color range is unlimited and it accepts all types of printing, including embossing, screen-printing, and gold stamping.

Specific applications for the new binder include: books, product catalogues, sample books, price lists, salesmen's manuals, newsletter binders, and parts lists.

Peterson revealed that the company conducted a survey among 25 concerns during the developmental stages of the product.



ROUNDED EDGE of vinyl-covered binder (left) replaces sharp "tear seal" edge of conventional loose-leaf. New design, by Peterson Electronic Die Co., is expected to greatly boost the sales of vinyl-binders.

Allegheny Ludlum Steel Develops Stainless With Mirror-Like Finish

Pittsburgh—Allegheny Ludlum Steel Corp. is producing a new "bright annealed" stainless steel with mirror-like finish and improved corrosion resistance at no additional cost over conventional stainless.

William B. Pierce, vice president in charge of sales, said this was "the first time bright annealed stainless strip has been available in tonnage quantities in the types, widths, and gages most used by auto and appliance

manufacturers throughout the country."

Furnaces which retain optimum surface brightness have been set in operation for annealing at West Leechburg, Pa., and Wallingford, Conn. Conventional annealing dulls the surface, requiring further pickling.

The new product is expected to find growing markets among makers of kitchenware, appliances, building materials, and similar products.

WHAT HAPPENS WHEN A NATION SPENDS MORE ON GAMBLING THAN IT SPENDS FOR HIGHER EDUCATION?

Product Briefs

Welders for field use withstand rough handling. Two models each have high welding ranges of 150 amp to 350 amp and a low of 50 amp to 200 amp. Rated outputs are 250 amp dc at 40 v. Units give 115 v dc auxiliary power for portable hand tools. Generators and 4-wheel trailers are optional for 1,900-lb. units. *National Cylinder Gas Div., Chemetron Corp., 840 N. Michigan Ave., Chicago 11, Ill.*

Baked enamel coating gives longer life than other single-coat organic baked films designed for aluminum siding. The thermosetting acrylic resin is available in a complete color range. Roller coat method is advised for factory finishing, but spray methods also may be used. Finish resists salt air and industrial fumes. *Industrial Finishes Sales Div., Pittsburgh Plate Glass Co., Pittsburgh 22, Pa.*

Magnet tester gives laboratory accuracy at production-line speed and ruggedness. Instrument measures magnetic flux with repeatabilities within 0.25%. Built-in indicator gives visual test results with flashing panel lights. *Indiana Steel Products Div., Indiana General Corp., Valparaiso, Ind.*

Delay line has delay of 0.1 second and an attenuation of 20 db at 300 cycles and impedance of 1K ohm. The sonic type delay line has 100 taps with tap accuracy exceeding 0.5%. Cut-off frequency is at 400 cycles; phase linearity, better than 0.75% up to 300 cycles. *Control Electronics Co., Inc., 10 Stepar Pl., Huntington Station, N. Y.*

If you can find any Romans around, ask them. They lived pretty high on the hog in their day. That is, until some serious-minded neighbors from up North moved in. The rest is ancient history.

You'd think their fate would have taught us a lesson.

Yet today we Americans spend twenty billion dollars a year for legalized gambling, while we spend a niggardly four-and-a-half billion for higher education. Think of it! Over four times as much! We also spend six-and-a-half billion dollars a year for tobacco, nine billion dollars for alcoholic beverages, and billions more on other non-essentials.

Can't we read the handwriting on the wall?

Our very survival depends on the ability of our colleges and universities to continue to turn out thinking men and women. Yet today many of these fine institutions are hard put to make ends meet. Faculty salaries, generally, are so low that qualified teachers are leaving the campus in alarming numbers for better-paying jobs elsewhere.

In the face of this frightening trend, experts estimate that by 1970 college applications will have doubled.

If we are to keep our place among the leading nations of the world, we must do something about this grim situation before it is too late. The tuition usually paid by a college student covers less than half the actual cost of his education. The balance must somehow be made up by the institution. To meet this deficit even the most heavily endowed colleges and universities have to depend upon the generosity of alumni and public spirited citizens. In other words, they depend upon *you*.

For the sake of our country and our children, won't you do your part? Support the college of your choice *today*. Help it to prepare to meet the challenge of tomorrow. The rewards will be greater than you think.

It's important for you to know what the impending college crisis means to you. Write for a free booklet to HIGHER EDUCATION, Box 36, Times Square Station, New York 36, New York.



Sponsored as a public service
in co-operation with The Council for Financial Aid to Education



Your Guide to New Products

(Continued from page 28)



Wall Washer

Eliminates Rinse

Machine with detergent needs just washing and buffing operations. Detergent leaves no streaks; sanitizes and seals paint pores with a transparent film to prevent dirt penetration. Two men can operate from 25-lb. portable unit.

Price: \$175. Delivery: immediate.

Von Schrader Mfg. Co., Sixteenth St. & Junction Ave., Racine, Wis. (PW, 11/21/60)



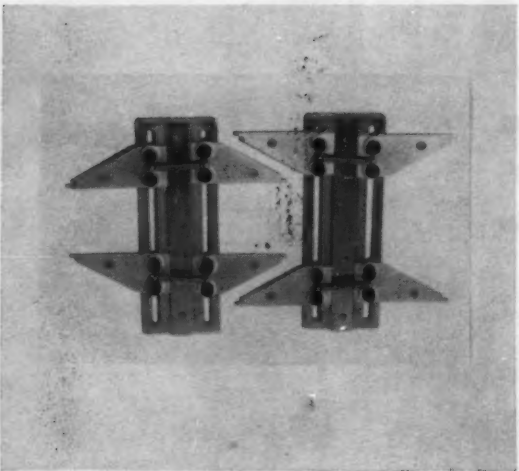
Digital Counter

No Moving Parts

Solid state ring counter has rate up to 150,000 cps, (to 1,000,000 on special orders). Circuit design uses dc logic to couple trigger signals to counting circuits. Instantaneous reset to zero is made by applying a positive 10-v. signal.

Price: \$500 to \$900. Delivery: 6 to 8 wk.

Tempo Instrument, Inc. P. O. Box 338, Hicksville, N. Y. (PW, 11/21/60)



Precision Gage

Can Be Adjusted

Gaging arms may be set for either 3-in. or 5-in. capacity. Tool eliminates the need for special gage for every job. Other sizes available. Designed for "go, no-go" use.

Price: \$39.50. Delivery: 3 wk.

Speed Tool Co., 1144 N. LaBrea Ave., Los Angeles 38, Calif. (PW, 11/21/60)



Tachometer Generator

Measures Up to 5,000 RPM

Tachometer generators measure machine tool and other industrial speeds up to 5,000 rpm. Rated output is 20 v. per 1,000 rpm. Minimum full-scale speeds range as low as 0-300 rpm. can be measured with suitable accuracy.

Price: Approx. \$100 (dc) and \$55 (ac). Delivery: 6 wk.

General Electric, Schenectady 5, N. Y. (PW, 11/21/60)



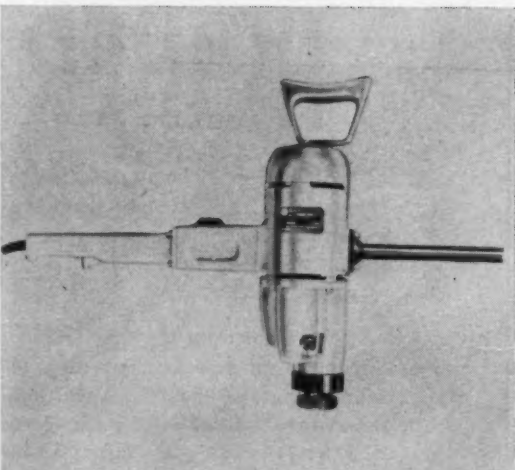
Welder

Has 100% Duty Cycle

Ac/dc silicon rectifier welder, rated at 500 amp., 100% duty cycle, replaces 600-amp. motor-generator sets for semi-automatic submerged arc welding. Ac section is suited for heavy iron powder electrodes; dc, submerged and hand arc welding.

Price: \$1,110. Delivery: immediate.

A. O. Smith Corp., Welding Products Div., Milwaukee, Wis. (PW, 11/21/60)



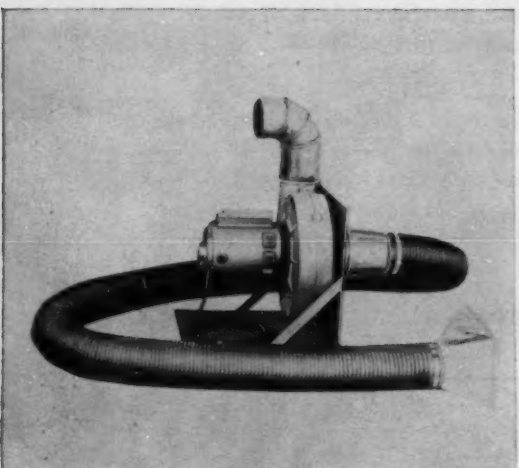
Drill

Has 2 Speeds

Tool's synchromesh transmission instantly changes spindle speed from 500 rpm. to 250 rpm. It is also available with a reversing switch and has full power in forward or reverse operation. Drill can operate speed reducers, hoists, elevators, and the like.

Price: \$275; \$285 (reversing switch.) Delivery: immediate.

Black & Decker, Towson 4, Md. (PW, 11/21/60)



Exhaust System

Converts to Blower

Designed for welding, soldering, and brazing operations. System exhausts 600 cu. ft. of air per minute. Hose adjustment converts unit to blower. 1/2 hp. motor is factory-connected for 115 v. use.

Price: \$199.50. Delivery: immediate.

Cincinnati Fan & Ventilator Co., Cincinnati 7, Ohio. (PW, 11/21/60)

Purchasing Week Definition

Steel Finishing Processes

Annealing—Controlled heating and subsequent cooling to remove stresses and eliminate brittleness. Process may also improve finish.

Coating—Covering with another material, primarily for protection against corrosion.

Cold Finishing—Changing the shape or reducing the cross section of steel while cold—usually by rolling, drawing through a die, or turning.

De-Greasing—Solvent cleaning and dissolving of grease from surface.

Galvanizing—Applying a zinc coating to the finished cold-reduced sheet by hand dipping or electroplating to give rust protection.

Pickling—Immersing in a dilute solution of acid to remove scale, rust, or other deposits.

Slitting—Cutting sheet or strip metal to width by rotary cutters.

Trimming—Secondary cutting operation on previously formed parts to shear off surplus metal and form the desired shape. (PW, 11/21/60)

New Transcriber Reproduces Copies Miles Away From Message Sender

Los Angeles—The TELautograph Corp. has produced a new line of teletranscribers that allows operators to write directly on paper with a ball-point pen while reproducing an exact duplicate miles away. As many as three carbon copies may be produced on the transmitting unit.

The new units, dubbed Model D teletranscribers, will make handwritten wire communications possible at considerably reduced costs, the company said. Transmitting and receiving instruments can be leased and serviced for total costs as low as \$20 per month, per unit.

Paper is continuous and automatically fed. It may be blank or pre-printed for specific business applications.

Messages are instantaneously reproduced by one or many receiving units as determined by the sender. A pushbutton buzzer attached to the transmitter signals the receiver of message completion.

Possible uses for the new device include:

- Transmission of customer orders to storeroom or warehouse.
- Dispatching of trucks and manpower.
- Material receiving systems for industrial plants.
- Message and registration systems in hotels, motels, and hospitals.

Heat-Shrink Treatment Cuts Compressor Size Of Carrier Corp. Line

Syracuse—Special heat treating equipment has allowed Carrier Corp. to reduce substantially the size of a line of air conditioning compressors. The equipment, designed by Induction Heating Corp., shrink-fits three units of the



HEAT-SHRINKING process cuts size of compressor in half.

compressor together—insuring a hermetic seal.

The new assembly line production technique also produces a compressor of half as many parts. Production of the unit, called the Micromite, involves three special heat treating steps which:

- Shrink-fit the rotor on the crankshaft.
- Shrink-fit the stator in the crankcase housing.
- Shrink-fit the manifold cover on the crankcase housing.

Motor rotors are heated by controlled induction to a degree of expansion which lets them slide onto the crankshafts where they chill and freeze into position.

Similarly, the crankcase is induction heated and expanded so that the motor stator can be pressed into position around the rotor.

The final heat treatment raises the manifold to an expanding temperature, at which time the crankcase housing is raised into it and pressed securely in place.

The production method produces a compressor which is also of more simplified design.



TRANSMITTER lets the operator write directly on paper with a ball-point, producing carbons, while original is reproduced miles away.

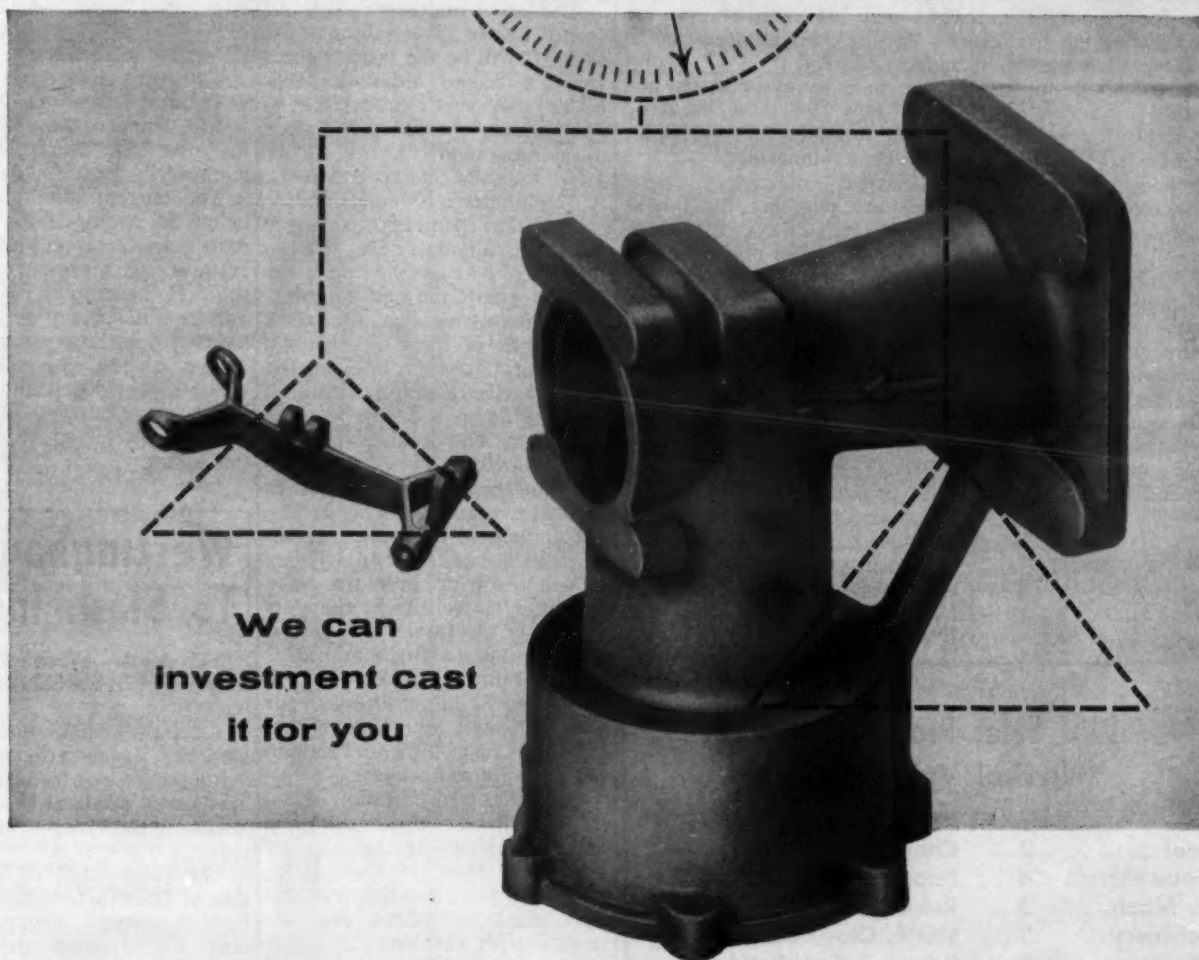
German Casting Process Is Licensed in America

Huntington Station, N. Y.—A low-pressure casting process, developed in Germany and used in this country for the casting of Chevrolet's Corvair engine heads, is now being licensed in the U. S. and Canada through Ladd & Little, Inc.

Chevrolet has credited the process with high-density structure, yield, and productivity at low equipment cost.

Initial costs are reported to be lower than for die-casting and about the same as for permanent mold castings.

WHETHER YOUR PART IS TINY... OR WEIGHS 100 POUNDS...



We can
investment cast
it for you

Today, no matter how large the part on your drawing board . . . whether it weighs a few ounces or as much as 100 pounds . . . Arwood can investment cast it. It makes no difference what the metal or alloy is. We cast all castable materials, ferrous and non-ferrous, including magnesium. So now you can reap the benefits of investment casting in the broadest range of part sizes, weights and materials ever. Benefits like freedom to specify the best possible metal for the job . . . sharply reduced production costs

on complex shapes . . . quick, inexpensive tooling in design development work.

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Write for your free copy of our 44-page booklet, "Practical Guide to Investment Casting."

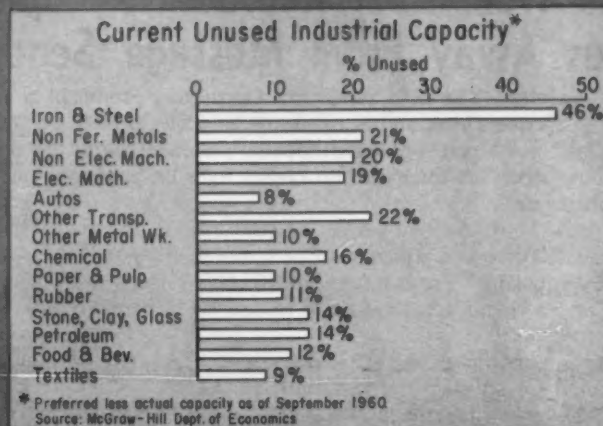
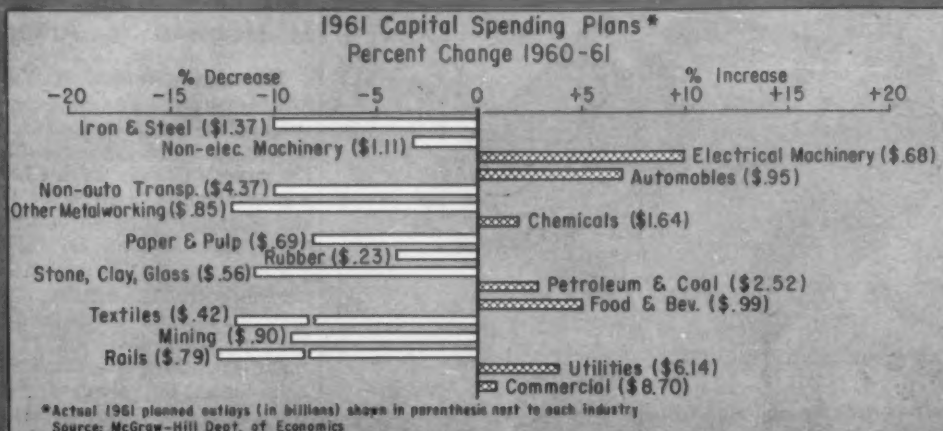
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Over \$35-Billion in Capital Spending Planned for Next Year

(Continued from page 1)
the whole, were operating at 79% of capacity in September, a substantial rate below their preferred operating levels.

Although a number of segments of industry were planning to spend less for expansion and modernization during the coming year, even these indicated they were prepared to shell out significant amounts.

Iron and steel, for example, planned to set aside \$1.37-billion for capital expenditures next year. This would be about 10% below the amount estimated for the current year, but it's still a healthy chunk—and it's well above the \$1.04-billion paid out in 1959.

In releasing the survey, the McGraw-Hill economists pointed out that the report was not a forecast but a summary of what companies now plan to spend during the coming year and in 1962.

"The actual course of expenditures will depend importantly on the course of the general economy, profits and government policy," the department said. "But the high level of capital investment now planned by business in a period of declining

of this year. However, last spring's plans projected a lower level of expenditures over the next two years than the current survey shows. This adds strength to the indications that many 1960 projects actually were moved to 1961 and 1962, rather than cut out of the individual company budgets entirely.

An industry-by-industry picture of how 1961 now stacks up with the year just ending is shown in the chart alongside.

Electrical machinery companies are planning the largest increase (10%) next year. However, the electrical machinery industry has spent considerably less this year than it planned—and is apparently pushing these deferred plans into 1961.

The auto industry also plans a capital spending step-up. However, it will be by a more modest amount—an increase in the order of 7%.

A large decline (12%) is planned by the other metalworking industries—fabricated metals and instruments, for example. The transportation equipment industry is planning a 9% reduction in expenditures next year.

rates, now indicate a lower level of investment next year.

The food and beverage industry plans to increase expenditures 6% next year. On the other hand, textile companies indicate a 21% reduction next year.

The steel industry plans to spend nearly \$1.4-billion next year. It will be the third highest year on record although 10% below this year's investment—emphasizing the industry's need to continue modernization of obsolete facilities and reduce costs.

The nonferrous metals industries plan to spend approximately the same amount next year as this.

As a group, the non-manufacturing industries also indicate a slightly lower level of spending next year. However, boosting the total are electric and gas utilities, which plan to spend 4% more next year. Gas utilities, particularly pipelines, have deferred some of this year's expenditures until next year.

Commercial business also anticipates a capital spending hike. It will show up in more office buildings as well as in the purchase of electronic computers, business autos and trucks.

The railroad industry which spent over \$1-billion this year for new roadways, rolling stock, and structures plans a 25% reduction in expenditures next year.

The other transportation industries—airlines, buses, shipping, and trucking—having nearly completed most of their modernization programs this year, report plans to reduce expenditures sharply next year.

The mining industry has reduced the amount planned for this year and plans a further reduction next year.

Specific 1961 sales estimates don't vary much from the 3% average increase noted for overall industries (see table).

Thus, the highest individual increase is only about 5%—for both machinery and paper and pulp producers.

Only the transportation equipment industry expects sales to decline next year. The stone, clay, and glass industry expects unit sales to approximate this year's level.

The key auto industry is also optimistic. Detroit spokesmen now think autos will do just as well next year as in 1960 when they racked up their second best year in history.

Other industries expect sales to be 1% to 4% higher next year. Despite the relatively optimistic

sales forecasts, most firms will still be operating well below capacity.

The latest figures (September) show operations were down to 79% for all manufacturing industries. This marks a steady downtrend from the December, 1955, high of 92% (the peak of the 1955-1957 boom).

The only exception to this downtrend was in December, 1959. Then with the steel strike just over, the average rate rose temporarily to 85%.

The current low rate is well below the average 94% rate that most manufacturers prefer to operate at. It represents a gap of some 15 percentage points—and one to which every single major industry contributes (see chart).

The biggest gap is in steel where some 46 percentage points separate the current 52% figure from the preferred 98% rate of this industry.

Other transportation (aircraft, ship, and railroad equipment) shows the next largest gap. The current 73% is 22 percentage points below the preferred 95% rate.

The metal groups in general tend to have considerably more unused capacity than other industries. In fact, almost every group in the metal field (with the exception of steel and autos) has close to 20% of excess capacity.

In automobiles, current operations are only 8 percentage points below preferred rates. But this good showing is due to the fact that the survey was taken in the fall—when auto production reaches its seasonal peak.

Analysis of soft goods industries indicates that they are in somewhat better shape as far as capacity is concerned. For this group as a whole, excess capacity averaged only a little over 10 percentage points.

Westinghouse Launches Program To Slash Industrial Lighting Costs

New York—Westinghouse has drawn a bead on industrial lighting costs.

The firm's lamp division has launched a new program to cut lighting expenses through a series of recommendations based on determining the "true" cost of lighting.

The "true cost" of light consists of three factors, said Charles E. Erb, general manager of the firm's large lamp department. These include:

- **Cost of power** to provide the level of light required.

- **Cost of maintenance**, lamp replacement labor, and the cost of lamps themselves.

Erb said studies of average lighting installations indicate that power accounts for about 75% of the cost, maintenance 15% and lamps only 10%.

Since power and labor are relatively fixed, Erb noted, selection of the proper light sources and relamping offers the greatest opportunity for savings.

Using this approach, Westinghouse has drawn up a four-part program to help cut lighting bills. The plan includes:

- (1) **Reducing lamp purchase costs** by finding the best lamp for use in existing fixtures, taking into account price, average life, and lumen output.

- (2) **Reducing lamp replacement labor costs** via a tailor-made

program for relighting as well as scientific selection of right lamp type.

- (3) **Increased light levels** for present or lower costs by selecting the most suitable light source to provide higher lumen output in needed working areas.

- (4) **More efficient use of power** based on custom lamp replacement programs using actual burning hours as yardstick. This may involve fewer lamps but ones having higher light output. Or it may be achieved by providing more light on the actual work surface.

Cost cutting in lighting has been getting more attention lately by both manufacturers and distributors. Recently Graybar Electric Co., electrical distributors, launched a nationwide campaign to sell standardized replacement lighting fixtures (see PW Oct. 31, '60, p. 21).

Aluminum Truck Bodies

Buffalo—Morrison Steel Products, Inc., has begun producing aluminum truck bodies at its plant here.

President Isadore Morrison said that the firm will manufacture aluminum bodies ranging from 12 ft. to 20 ft. in length, but eventually will expand the line to larger sizes. Formerly the company produced only steel bodies.

1961 Sales Prospects (Physical Volume)

Industry	% Change	Industry	% Change
Iron & Steel	2	Chemicals	3
Non-Ferrous Metals	4	Paper & Pulp	5
Non-elec. Mach.	5	Rubber	3
Elec. Machinery	3	Stone, Clay, Glass	0
Autos & Parts	0	Petrol. & Coal Prod.	3
Other Transp.	-4	Food & Beverages	4
Other Metal	5	Textiles	1

profit margins and declining industrial activity indicates a strong prop for the general economy in the year ahead."

It added, "Companies hoping to prosper in the period of intensive competition ahead are continuing to modernize and reduce costs and add to capacity to produce new products."

The department also stressed that these were preliminary plans for 1961-62 spending and that a more detailed roundup would be made and reported on next spring.

Last spring's plans indicated a total expenditure of about \$37.9-billion during the 1960 year. The estimate now is for a total outlay of about 36.06-billion by the end

of this year. However, last spring's plans projected a lower level of expenditures over the next two years than the current survey shows. This adds strength to the indications that many 1960 projects actually were moved to 1961 and 1962, rather than cut out of the individual company budgets entirely.

The petroleum industry, although operating well below the preferred level, plans to spend 3% more next year.

The chemical industry, which has spent well over \$1-billion every year since 1951, is continuing its long-term growth. Chemical firms plan to increase investment 2% next year. This industry, one of the largest research and development spenders, will emphasize both modernization and capacity to produce new products.

Among other major groups, the stone, clay and glass, paper and rubber industries, all operating considerably below preferred

Meetings You May Want to Attend

First Listing

National Association of Newspaper Purchasing Executives—Robert E. Lee Hotel, Winston-Salem, N. C., Jan. 26-28, 1961.

12th Annual Metal Congress—Pan-Pacific Auditorium, Los Angeles, March 20-24.

American Society of Lubrication Engineers—Annual Meeting and Exhibit—Bellevue-Stratford Hotel, Philadelphia, April 11-13, 1961.

Business Equipment Exposition—Office Equipment Manufacturers Institute—New York Coliseum, New York City, April 17-21, 1961.

National Tank Truck Carriers—Annual Meeting and Trade Show, Netherland-Hilton Hotel, Cincinnati, April 30-May 2.

Liquefied Petroleum Gas Association—Annual Meeting and Trade Show—Conrad Hilton Hotel, Chicago, April 30-May 3, 1961.

Previously Listed

NOVEMBER

Electrical & Home Appliance Show—Electrical Building, Balboa Park, San Diego, Calif., Nov. 25-30.

24th National Exposition of Power & Mechanical Engineering—Coliseum, New York, Nov. 28-Dec. 2.

DECEMBER

Fleet Maintenance Exposition—Private Truck Council of America, Inc., Coliseum, New York, Dec. 5-8.

Atomfair West—1st West Coast Nuclear Industrial Exposition, Mark Hopkins & Fairmount Hotels, San Francisco, Dec. 12-15.

Industrial Building Exposition & Congress—The Coliseum, New York, Dec. 12-15.

1961

JANUARY

Northwest Petroleum Association—Annual Convention & Trade Show, Nicollet Hotel, Minneapolis, Jan. 18-19, 1961.

Plant Maintenance & Engineering Show—International Amphitheatre, Chicago, Jan. 23-26, 1961.



Bond FOUNDRY & MACHINE COMPANY
322 Penn Street, MANHEIM, PENNSYLVANIA

44th Annual Conference of California State, County, and Municipal Purchasing Agents Association—Villa Hotel, San Mateo, Calif., Jan. 25-27.

FEBRUARY

Chemical Buyers Group of NAPA—Mid-Winter Conference, Hotel Commodore, New York, Feb. 1-2.

15th International Heating & Air-Conditioning Exposition—International Amphitheatre, Chicago, Feb. 13-16.

Purchasing Techniques Workshop—Wisconsin Center Building, Madison, Wis., Feb. 21-23.

MARCH

Office Buyers Group, NAPA, Drake University, Des Moines, Iowa, March 8 and 9.

Institute of Radio Engineers—International Convention and Show, Waldorf-Astoria Hotel and New York Coliseum, New York City, March 20-23.



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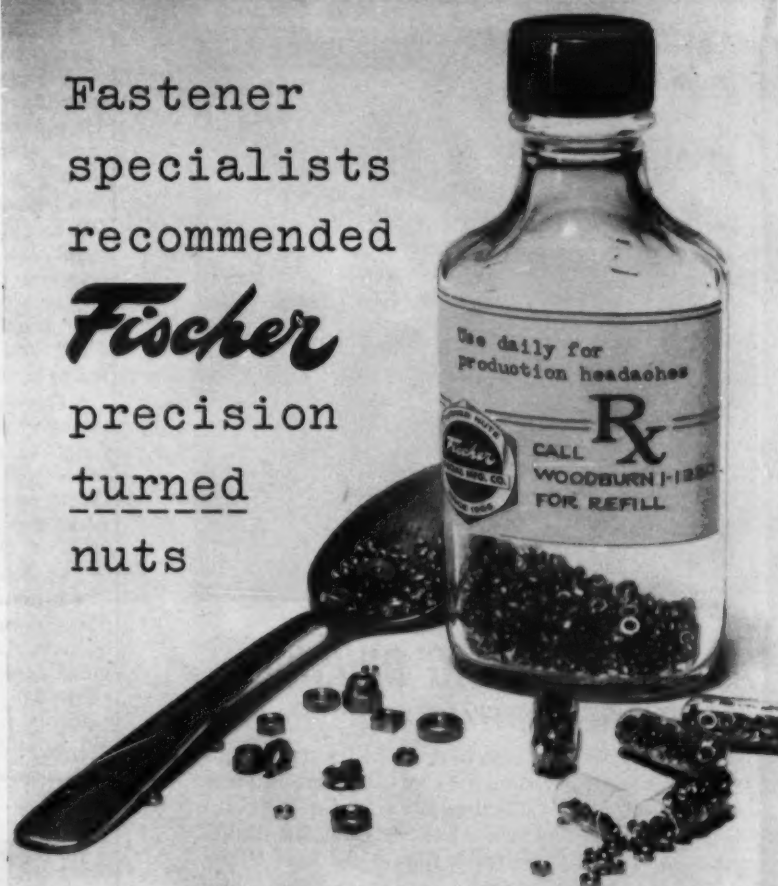
CALL YOUR CM DISTRIBUTOR or write for helpful literature on alloy chain assembly, care, use and inspection.

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Philly Finds Sales Preferable To Fleet Car Trade-in Deals

Philadelphia—Fleet car trade-ins will be abolished in favor of outright sale at public auction, city officials here said.

The decision comes in the wake of "apparent irregularities" over trade-ins.

An official spokesman for the city told PURCHASING WEEK that used automobiles appraised for trade-in at \$482 each apparently had been traded in to an auto dealer for as little as \$35.

These were the findings of a "secret investigation" by City Controller Alexander Hemphill into the purchase of 353 new Ford standards and Ford Falcons from Ogontz Sales & Service last January for \$544,798. The contract called for \$482 for each trade-in, less wear and tear and damage at delivery time.

However, reappraisals by City Property Dept. employees slashed the estimated worth of the trade-ins from a total of some \$138,000 down to a mere \$75,000. Last month, Ogontz Sales & Service filed a suit against the city, claiming \$63,000—the difference between the first and second appraisals.

City Managing Director Donald C. Wagner conceded that some adjustment in the trade-in price of these cars was necessary. "But certain things brought to my attention in respect to the reappraisals have raised a serious question as to the propriety of the amount," he said. However, he said, the controller's probe showed no actual proof of fraud or collusion in the fleet car transaction.



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Labor Department Reports October Employment Drop

New York—The latest (Oct.) Dept. of Labor report on employment reveals a generally bleak picture, with only one or two bright spots to alleviate the gloom.

One encouraging note was the slight Sept.-Oct. increase in the average factory work week—brought about by significant overtime gains in primary and fabricated metal production, and in electrical machinery and transportation equipment (see chart).

On the soft goods side, there were gains in overtime in the important petroleum, chemicals, and paper industries.

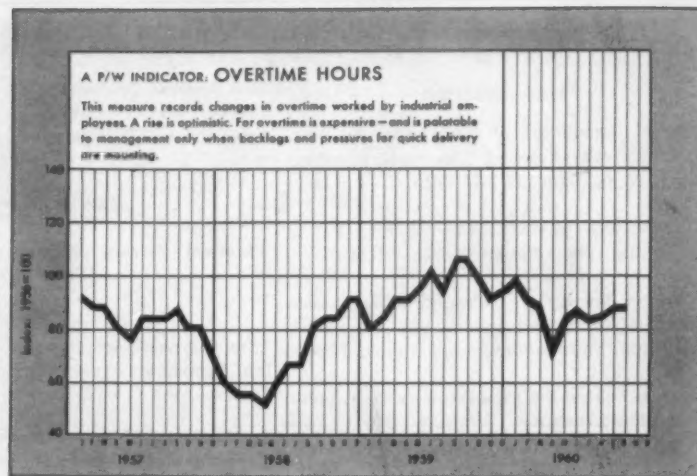
But these gains were dwarfed by the sizable downturn in overall employment figures. The Labor Dept. reports continued weakness in:

• **Employment.** The total number of employed workers—67,490,000—was 277,000 less than in the previous month. Though the decline was slight, it came at a time when job rolls usually go up.

• **Unemployment.** Jobless totals rose almost 200,000 to more than 3½ million—against the seasonal trend. That represents an unemployment rate of 6.4%—the highest since December, 1958 and the greatest October increase since World War II.

• **Overtime hours.** PURCHASING WEEK's sensitive overtime index failed to register the usual seasonal gain in overtime work for the second month in a row. Compared to year-ago levels, overtime is down almost 11%, with most of the decline in soft goods.

• **Long-term unemployment.** The number of workers who have been out of work 15 weeks or more continued to rise. October showed a 20% increase in this category over September, and almost tripled its year-ago levels.



Index of Overtime Hours in Manufacturing

	Latest Month*	Month Ago	Year Ago	% Yrly Change
Total	89.3	89.3	100.0	-10.7
Hard Goods	88.3	88.3	93.3	-5.4
Ordinance & Accessories.....	75.9	72.4	79.3	-4.3
Lumber & Wood.....	93.9	97.0	109.1	-13.9
Furniture & Fixtures.....	100.0	100.0	114.3	-12.5
Stone, Clay & Glass.....	83.3	88.9	100.0	-16.7
Primary Metals	57.1	50.0	107.1	-46.7
Fabricated Metal Products...	96.7	93.3	120.0	-19.4
Non Electrical Machinery...	59.5	62.2	75.7	-21.4
Electrical Machinery	80.8	73.1	100.0	-19.2
Transportation Equipment ..	96.5	79.3	93.1	+3.7
Instruments	100.0	95.7	104.3	-4.0
Soft Goods	100.0	104.0	112.0	-10.7
Food	118.2	100.0	121.2	-2.5
Tobacco	127.3	81.8	145.5	-12.5
Textile Mill Products.....	84.6	100.0	119.2	-29.0
Apparel	100.0	116.7	125.0	-20.0
Paper	97.8	93.5	110.9	-11.8
Printing & Publishing.....	100.0	96.9	112.5	-11.1
Chemicals	104.3	100.0	134.8	-22.6
Petroleum & Coal Products...	115.0	90.0	115.0	0
Rubber Products	71.4	83.0	153.6	-53.5
Leather & Products.....	92.9	114.3	85.7	+8.4

* October is the month for totals and major subtotals. September is the month for individual industry figures.

Administration Imposes New Tariffs On Imported Woolens and Worsteds

Washington—In one of its last acts to provide trade protection to domestic manufacturers, the Administration imposed a complex new schedule of import duties on imported woolen and worsted fabrics.

The new rates, scheduled to go into effect Jan. 1, 1961, are aimed primarily at low-priced goods from Japan and Italy.

The move was made by the White House under so-called "special circumstance" authority through the General Agreement on Tariffs and Trade (GATT). The current tariff-quota schedule has been under heavy fire from both U. S. mills and British importers since it was imposed in 1956, and more recently from Japanese and southern Italian suppliers.

The new rates will raise average duties from 45% on all wool fabrics to 48% on goods valued at more than \$2.00-per-lb., and to 57% on goods valued at \$2.00 and below.

Under the old system, imports were charged both a flat rate and—above a quota set at 5% of annual domestic production—a punitive percentage duty as well. After this year, the tariffs will be figured on all imports in a sliding flat rate, which may run as high as \$1.13½ per lb. on the cheaper items.

U. S. trade policy officials characterize protection to domestic mills as "slight" and concentrated on cheaper foreign competition.

Domestic mill spokesmen, such as National Assn. of Wool Manufacturers President Edwin Wilkinson, say the new schedule "potentially appears to be more favorable."

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Seaway Offers Savings but Also Poses Problems

(Continued from page 1)
shipped through the Welland Canal will rise to 43-million tons next year.

Exports rose 20% over last year with the exception of grain (off 25% from last year's total). Bulk items still accounted for the largest part of exported goods, roughly 62%, while general cargo was rated at 15% of the total. Imports skidded largely due to the drop in imported steel.

Here, in a nutshell, is the outlook for the 1961 season:

• **General rate increase.** This may be forthcoming next year, port officials say. This year saw increases in only one or two items. Probably the most significant was the price of tin which rose a few cents per ton.

• **Joint water-rail rates unlikely.** Neither shippers nor carriers expect to see reductions to levels comparable to East Coast and Gulf Coast rates. But rail rate reductions are expected on an individual commodity basis next season.

• **Reduced delivery time.** One plan to cut down delivery time calls for Seaway traffic to be directed exclusively to seven or eight American ports and Toronto within a few years. Other plans are being studied.

• **Pool shipments.** May come into general use next season.

• **Labor peace.** Stevedore contracts expire during the off-season and will not come up for re-negotiation during next year's shipping season. Thus, little possibility is seen of a repeat of this year's month-long strike in May and June.

• **Improved canal facilities.** The St. Lawrence Seaway says it will make a number of improvements in the Welland Canal this winter. Fender and bridge improvements will include a fender system on the entrance walls of several locks, standby diesel engines for vertical lift bridges over the canal, and installation of gear speed reducers for the bridges. Changes in the hydraulic system of Locks 3 and 7 will be made to increase speed of filling and emptying.

Port-by-port, here is the way the situation shapes up:

• **Buffalo.** Total tonnage for the port is slightly below last year, an estimated 102,000 tons compared to 108,000 in 1959. Imports are down from last year, and exports shifted emphasis: Most exports were in scrap metal and flour this year whereas general cargo predominated last.

Two big problems face Buffalo:

(1) increased tonnage, (2) improved stevedoring.

• **Chicago.** Port officials expect total tonnage to be down 25% from last year's total of 684,084, due largely to the strike. However, it's anticipated that import-export traffic in 1961 will be 15% to 20% higher than 1959.

Cargo handling efficiency is said to be greatly improved. One indication: Turn-around time (time to offload and reload) has been reduced 20%.

A frontal assault on rates will be made by a joint commission of the Chicago Association of Commerce and Industry and the Chicago Overseas Shipping Assn.

• **Milwaukee.** Total tonnage is expected to hit 225,000 from 1959's 177,000. General cargo, however, totaled 97,500 through October—down from approximately 117,000 during the same period last year.

The port made new gains in grain and scrap metal shipments. While softness of the domestic steel industry has reduced scrap demand at home, there has been a healthy overseas demand. A volume of 100,000 tons is seen for 1961.

• **Detroit.** Although tonnage

rose 25% to 30% over last year, port officials admit the increase was due in part to the fact that the longshoremen's strike did not affect Detroit.

The Detroit Marine Terminal spent \$2-million in an expansion program this year, and the Detroit Harbor Terminal also expanded its facilities.

• **Cleveland.** Total Seaway tonnage will exceed last year's by a hair, present estimates indicate. Small export steel shipments this year gave evidence that U.S. companies are beginning to try Seaway routing for export. One unusually large shipment of 6,000 tons was reported.

Major rubber companies began using the Seaway more, following a combined test shipment from Malaya last spring (see PW, June 20, '60, p. 20). Goodyear exported a 10-tank-car shipment of liquid latex, following a pilot shipment of a single tank car in 1959. Goodyear reported "very satisfactory handling, time and savings." Three companies imported crude rubber shipments via the Seaway this year.

Voters in Cleveland passed a \$3-million bond issue for construction of two additional berths.

Kennedy Seeks to Put Zip in Business

(Continued from page 1)

unemployment compensation, and attempts to raise the minimum wage.

A less pessimistic but still somewhat unclear view of 1961 business activity was drawn last week by some of the government's top, non-political economists. They put their views on record before the highly-rated annual "agricultural outlook conference"—which gives as high a priority to the general business outlook as it does to the farm.

Here's what experts from the Federal Reserve Board, the Commerce Dept., and the Agriculture Dept. predicted:

• **Over-all, 1961 will be a better year than 1960, although the economists don't see as much upward pressure from as many sectors of the economy as they would like.**

• **Woodlief Thomas, economist for the Federal Reserve Board of governors, is "only mildly hopeful."** Thomas points out that federal spending is a "tremendous automatic stabilizer" of the economy. In fact, he says that "if there should be a further

moderate economic recession, a deficit of \$2-billion or \$3-billion" would be an important prop against an even greater decline. Credit is now abundantly available, Thomas notes.

• **Government spending (federal, state, and local) will be \$6-billion or \$7-billion higher during the year ending next June 30 than in the preceding year, according to Nathan M. Koffsky, top economist for the Agriculture Department.**

This is the biggest plus factor for the coming year, Koffsky claims. He noted that on election day, voters approved some \$3-billion in bond issues to building public works of all kinds throughout the country.

• **Consumer spending is expected to rise, but the experts admit they're guessing here.** Koffsky warns against expecting any vigorous upturn in consumer durables.

• **Inventory buying is still a puzzler.** The experts figure that the \$11.4-billion decline in inventory buying since the first quarter "should not be prolonged"—but nobody is solid

about the date on which the decline might end.

A spurge of price reductions would help business growth according to Thomas. He believes that the whim of the consumer—to spend more or to save more—will be more important to an upturn than anything the government can do.

All in all, there's little doubt that Kennedy sees in this hazy picture a call to give business a shot in the arm.

One of Kennedy's economic advisers—Harvard Prof. John K. Galbraith—said last week that cost-cutting by U. S. manufacturers is a key to guaranteeing the soundness of the dollar. Cost-cutting would help U. S. firms compete in overseas markets, but this depends on a "low cost supply of steel." In recent years, said Galbraith, steel prices have not been competitive.

Galbraith is prominently mentioned as a possible chairman of the new President's Council of Economic Advisers.

—This Week's—

Purchasing Perspective

NOV. 21-27

(Continued from page 1)

The index has been sagging and dawdling since it hit a high of 110 last July. But the fact that steel output held steady and auto production jumped sharply last month held the October index at the September level of 107.

• **VENDORS COMPLAINTS—Some manufacturers, frustrated at lagging orders, now are almost openly bitter at purchasers who hold off till the final minute of a hand-to-mouth schedule before ordering.** This is a special headache for steel mill operators, who point out that such buyers in the end probably are hurting themselves as much as anybody.

For one thing, mills find it difficult to build up their own finished and semi-finished inventories. For another, it costs steelmen money in higher labor outlays. Labor contracts require men to be advised by Thursday whether they work the following week. Thus last-minute orders may require the regular force to put in expensive overtime.

• **MATERIAL MANAGEMENT TRUCE—Some of the glamor apparently has worn off the subject of materials management.** A truce has been declared between many purchasers and other claimants as to who is best qualified to wear the one mantle of responsibility in this field.

A recent session of the American Production and Inventory Control Society (APICS) found the P.A. under fire, not because he is trying to move in on materials management—but through misunderstanding in the day-to-day operational areas of inventory policy, quality, technical training, and vendor sources.

Production control men want purchasing to search out vendors, maintain quality, keep good lead times—and to take production's advice on inventory policy. Many production men also assert the average buyer tries to cover too much area on too many items. Thus they urge more technical training for purchasing so that a buyer can ride herd better on vendor quality and locate better sources.

• **VENDOR RELATIONS—A purchasing expert keynoted the APICS conference, however, and he rapped heads on both sides of the argument.**

Burroughs Purchasing Director Russell St. Stark said that if any one common gripe exists between purchasing and production control, it would have to be laid in the lap of insufficient lead time. Instead of squabbling over who controls inventory policy, Stark recommended that the purchasing and production control functions work at better exchange of information.

Purchasing, he said, should keep production control apprised of current business conditions affecting purchases and lead times. And production control should be more realistic about lead time and delivery requirements.

Panicky rush orders don't permit a buyer to buy wisely, and they also force up the cost of a product. But worst of all, a material shortage could result that would be more costly in downtime than the cost of the parts—with no credit to either of the jointly responsible parties.

Kennedy will have four pieces of legislation—all anti-recession—ready for the new Congress.

• **Aid to depressed areas.** This would include millions in loans to hard-pressed towns. The money will go for plants and re-training workers to man the machines in them.

• **Housing legislation.** Since the housing market is down badly this year, Kennedy is expected to try needling construction up to 2-million homes a year, instead of around a million as at present.

• **Unemployment compensation.** It should be easy to convince Congress on this score, particularly if the employment picture around the country doesn't improve.

• **Minimum wage increase.** This will be tried again, although it may not turn out to be the \$1.25 that Kennedy wants. The big fight will come on giving coverage to millions of workers in the service and retail trades.

Price Changes for Purchasing Agents

Item & Company	Amount of Change	New Price	Reason
INCREASES			
Magnet wire, Phelps Dodge	2%-4%	incr. costs
Paint, Dec. 1, retail prices	3%	incr. costs
Pyridine, Reilly, tanks, lb.	.06	.71	tight supply
REDUCTIONS			
Mercury, 76-lb. flask	\$1.00	\$206.00	low demand
Wide flanged steel beams, England, cwt.	.375	\$5.575	competition
Tin salts, Potassium stannate, lb.	.004	.789	metal ease
Sodium stannate	.004	.648	metal ease
Tin crystals, anhyd., lb.	.007	\$1.013	metal ease
Adding machines, expensive models, Electric, Burroughs	18%	competition
Aluminum can sheet, Alcoa, lb.	.003	.322	competition
Latex, styrene/butadiene, solids, Dow, lb.	.02	.295	competition
Ascorbic acid, 100 kilos and more, lb.	.25	\$6.80	

Three Major Paint Firms Boost Retail Prices

(Continued from page 1)
chemical coatings (or industrial contract work).

As an official of Pittsburgh Plate Glass pointed out, industrial paint prices which are usually negotiated on an individual basis, fluctuate with current production costs. "If a desired ingredient in a given customer's paint order should rise in cost, PPG would negotiate a higher price for the paint." As for a hike in trade sales paints, the company's paint and brush division is "studying" a price rise.

An E. I. du Pont de Nemours official told PURCHASING WEEK, "I presume there will be an increase." While the DuPont brand retails at slightly higher price than other standard brands, "the increase will be in the same percentage as the rest of the industry," he said. "Traditionally, when one major company raises its prices, the entire industry effects a similar boost."

Glidden Co., Cleveland, will probably join in raising prices too, according to President Dwight P. Joyce.

One Area Unaffected

One area not generally affected by the price rise will be latex (or water-base) paints. This was virtually assured when Dow Chemical, the largest supplier, last week reduced the price of styrene butadiene latex by 2¢/lb. This is the base material for all latex paint.

The cut brings the price of the latex (solid) down to 27.5¢/lb. in tank car lots. Some latex specialties were not reduced.

A spokesman said the decreases reflect lower raw material costs as well as the company's desire to increase penetration of such markets as paint, paper, packaging, and building products.

One indication of the effect on latex trade sales paint prices is seen in the fact that Sherwin-Williams did not change the price of exterior latex house paint.

What do the price hikes mean to the buyer of trade sales paint for maintenance use? "For big users," a Dutch Boy (National lead) dealer told PURCHASING WEEK, "there is no price increase."

We work out a special price depending on the quantity and how quickly you pay your bills."

Another dealer, however, warned that industrial buyers eventually may feel a slight increase when dealers' current inventories run out and they begin restocking their shelves at the higher prices.

Last week, Dutch Boy and Benjamin Moore paint dealers in the New York area were still quoting a long-standing \$4.25/gal. on top-grade alkyd paints (white or color) to large industrial dealers.

Dutch Boy's retail list price on this item is now \$5.75/gal.; old

price: \$5.58. Examples of gallon prices from Sherwin-Williams: Super Kem-Tone—old price: \$6.39, new price: \$6.59. Kem-Glo (enamel)—old: \$9.49, new: \$9.69. House paint—old: \$7.35, new: \$7.59. Porch and floor—old: \$7.00, new: \$7.15.

Biggest price increases in raw materials have been seen in lead, soybean oil, glycerine, gum resin, polyvinyl acetate, phthalic anhydride. While other materials, such as tall oil and tung oil, have declined in price, the Bureau of Labor Statistics August price index shows raw materials used in paints up 3.5% over the 1959 average.

Interior Department Announces Cuts in Fuel Oil Import Quotas

(Continued from page 1)
shortages this winter, particularly if the weather is severe.

Some New England consumers believe the new import levels will at least help maintain the price increase of midsummer, if not spur further increases. Heavy fuel oil prices are about 15¢/bbl. higher this year than last winter.

The first quarter level of 530,000 barrels a day is a marked increase above comparable imports in 1957, the base year of the control program. In the first three months of that year, residual imports into Districts 1-4 (all of the U. S. except the West Coast) were about 439,000 barrels daily.

Officials claim the high imports of last winter were due to irregular marketing practices of a few large companies. Since then, levels have been trimmed and the quota period cut from six to three months.

Meanwhile, the Interior Dept., declared it would not admit any additional importers to the program at the present time.

Under Secy. of Interior Elmer Bennett said expanding the program to include about a dozen "newcomer" importers could result in disruptions of supply patterns in the middle of the peak heating season.

In still another development, GOP policymakers announced

they are holding up their decision on a proposed cut in crude oil imports starting next year until the plan receives a public hearing this week.

Interior officials have proposed adding several factors to the formula used to determine crude oil imports, which would have the effect of reducing first-half 1961 imports, by about 60,000 barrels a day less than they would otherwise be. An early decision is expected.

Justice Dept. Settles Its 'Oil Cartel' Cases Against Jersey Standard and Gulf

Washington—The Justice Dept. has settled its "oil cartel" cases against Standard Oil Co. (N. J.) and Gulf Oil Corp. But the oil industry expects the companies to be able to continue their normal business operations in the international oil market. Most of the practical effect will be in name changes.

Jersey Standard is required to give up its joint ownership of Standard-Vacuum Oil Co., which operated mainly in Asia, Australia, and Africa. Both Jersey and Socony-Mobil, co-owner of Standard-Vacuum, will reorganize their overseas interests through new, separately-owned companies, Esso Standard Eastern, Inc., and Mobil Petroleum Co., Inc.

Gulf Oil, under the terms of its consent judgment in the seven-year-old "cartel" case, must have available to smaller independent companies up to 100,000 barrels a day of Kuwait crude oil at posted prices.

Alcoa 'Reluctantly' Joins Other Aluminum Makers In Cutting Can Sheet Tags

Pittsburgh—Aluminum Co. of America, "reluctantly" following the lead of other big producers, has cut aluminum sheet prices by 0.3¢/lb. for can manufacture. Alcoa emphasized its new price of 32.2¢/lb. was set only to meet competition from Kaiser and Reynolds.

Producers originally set what they considered a low price of 32.5¢ on can-making aluminum sheet to get a foothold on the can market. But Kaiser cut its price below that figure last August, and Reynolds and Alcoa now have trailed along.

Late News in Brief

Burroughs Introduces New Line

Detroit—Burroughs Corp. has announced introduction of a complete new line of "low cost" electric adding machines, ranging in price from \$199 to \$279. At the same time, the company is reducing prices on its deluxe 10-key models by 18%, bringing these prices into a \$249-to-\$329 range.

The new economy line includes five 10-key adding machines, one full keyboard model, and a printing multiplier designed to provide a low-cost method for handling repetitive figuring jobs.

Reynolds Boosts Can Stock Output

McCook, Ill.—Reynolds Metals Co. has installed a new strip line for producing aluminum sheets for can stock at its sheet and plate works here. The company said the line was put into service to meet rising demand for aluminum cans by the concentrated citrus fruit industry.

Eisenhower Restricts Overseas Buying

Washington—President Eisenhower last week clamped new restrictions on military buying overseas to help cut the deficit in the U. S. balance of payments. Military procurement abroad will be cut to the minimum, most buying of foreign goods by post exchanges and other official commissaries will be stopped, and the International Cooperation Administration now must buy U. S. goods wherever possible.

Antitrust Trial Scheduled to Open

Washington—The government's antitrust case against electrical equipment makers was scheduled to open today—finally. It has been twice postponed to accommodate pre-trial negotiations in which the Justice Dept. backed away somewhat on its position that it would insist on pleas of guilty or not guilty. Trustbusters last week indicated they will accept "no contest" pleas in 13 cases.

NAPA Petroleum Buyers Work For Improved Handling of Spare Parts

(Continued from page 1)
the replacement spare parts business.

(2) Establish area stock of parts for better service.

(3) Design new equipment around existing standard parts.

NAPA petroleum industry buyers heard about two proposed techniques for cutting costs in these areas:

• A unified form for reporting replacement parts data.

• A universal numerical spare parts code. This code would tie in with manufacturers and company codes so that they can be used on data processing equipment.

L. E. Schaffer, divisional P. A. of Standard Oil (Indiana) told the group there already are 20 oil companies cooperating in the project and that many others have asked to be kept advised of progress so they can be guided by the results of the study.

The need for the program was pointed up by Schaffer who reported that one company found 1,066 items, purchased in a two-year period for \$70,000 were duplicates of items already in stock. Schaffer, who is chairman of the committee, said many members who already have catalogued their parts inventory have found staggering duplications.

He noted in connection with code work that three manufacturers are working with the committee to set up a basic formula for assigning identity codes.

F. Gayle Hawk, chairman, Petroleum Industry Buyers Group and purchasing stores manager of Shell Oil Co., presided at the meeting.

Russia's ambitious oil export program aroused considerable comment at one session.

Top industry officials agreed

that Russia obviously is using oil as a political weapon to upset the economy of the Western world.

M. J. Rathbone of Standard Oil (New Jersey) pointed out that the Soviets have offered to sell oil to Italy at \$1/bbl. "The comparable Middle East price would be about \$1.85."

"No private company can meet that kind of competition," Rathbone said.

E. E. Brockett, Jr., president of Gulf Oil Corp., said his company is feeling pressure from Russian oil at many points.

"The Russian threat is responsible for the recent Middle East crude oil price cuts," he said.

Commerce Dept. Notes September Increase In Steel Product Imports

Washington—Steel mill product imports rose in September, while exports dipped, the Commerce Dept.'s Business and Defense Services Administration reported last week.

However, nine months totals showed a substantial closing of the gap between exports and imports compared to the strike year 1959.

Imports during the first three quarters of 1960 totaled 2.8-million tons, exports 2.4-million. At the same point in 1959, imports were 3-million tons against 1.4-million tons exported.

In September of this year, exports were 226,000 tons, the lowest since March but nearly four times the 60,000 tons exported in September, 1959. Imports were 207,000 tons, the highest since June but down from 366,000 tons in the same month of last year.

Ford Bid to Buy U.K. Subsidiary Sparks Talk of Drastic Overhaul

Detroit—Ford Motor Co.'s bid last week to acquire complete control of its English subsidiary has triggered rumors in the Motor Capital that the move may be the prelude to important changes in the company's vast production setup.

The parent company already owns 54.6% of the stock of Ford of England and it has offered to buy up all the rest at \$20.50 a share. A total of 39,024,248 shares of Ford of England is outstanding.

Henry Ford II, board chairman, said the offer, which must be approved by the British Treasury, was made to "obtain greater operational flexibility and to better coordinate its European and American manufacturing facilities and to integrate further its product lines and operations on a world-wide basis."

The announcement of the offer immediately touched off speculation that Ford may be planning

to produce its forthcoming small car, variously called the Cardinal or Hummingbird, in England, instead of Germany, as previously reported.

The car is a smaller-than-compact size designed, it is reported, to compete with small European cars. Industry sources say that Ford has encountered serious difficulty in finding suitable facilities in Germany for engine production. It is believed in that the engine will be produced overseas, and that the car will be assembled in both Europe and the U.S.

British circles are protesting the Ford offer on grounds that it would put half of the British auto industry in American hands. Vauxhall, another major British producer, is wholly owned by General Motors.

British Ford shares jumped 50% on the London Stock Exchange as speculators reacted to the bid.

Detroit Inventory Cutting Dims Steel's Outlook

Detroit—Automakers' production forecasts gave little encouragement to the order-hungry steel industry this week despite tabulations showing new car sales hit a new record for the first 10 days of November.

Although autumn sales continue good and expectations for 1961 remain high, Detroit purchasing men apparently still are busy whittling down their current 45-day inventory of warehoused steel to an even more streamlined 30-to-40 day supply level.

After a fast start, automakers now are settling down to a 140,000-a-week unit pace with fourth quarter auto production figures pretty well firmed at 1.85-million units and approximately the same output scheduled for the first three months of 1961.

Inventories of new cars (including still-unsold 1960 models) rose to more than 900,000 units as of Nov. 1. Automakers generally accept this level—about 45-day supply—as satisfactory but still high enough to make production chiefs cautious.

Nevertheless, auto industry forecasters—buoyed by recent surveys indicating a build-up in consumer buying intentions—remain in general agreement that the 1961 model year will see 7-million passenger cars (including some 400,000 imports) sold in the United States.

But you can expect cutbacks in certain areas. Despite the general prosperity of the auto industry, some makes are suffering. DeSoto production will halt on Dec. 15, although this make may reappear as a 1962 deluxe model compact. Dodge dealers are reported to be well over a 100-day supply of unsold Lancers; Studebaker is reported to be in a similar situation.

Although Chrysler Corp. sales for the first 10 days were up 35% over last year (before the end of the steel strike), Chrysler is planning to close three big plants—Dodge main, St. Louis, and Dodge trucks—during Thanksgiving week. Chrysler also has laid off nearly 2,000 workers in Detroit and elsewhere.

Mercury's reversion to a Ford-sized car has not proved to be universally popular. The healthiest makes include Ford and its other satellites, Chevrolet, and Pontiac.

In addition to steel, Detroit's role as principal buyer of many commodities is being changed significantly as a result of the compact—now accounting for about 35% of domestic produc-

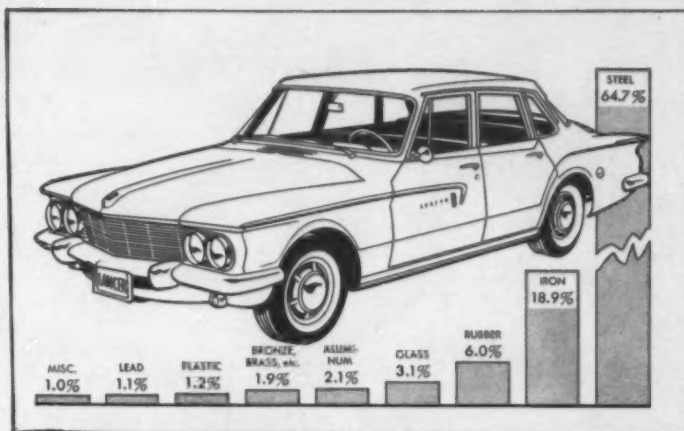
tion with prospects of climbing still further.

For example, the Dodge Lancer weighs 2,605 lb. as compared to its counterpart in the larger Dart line weighing 3,350 lb. And with steel accounting for about 65% of this weight, it is apparent that the steel required for two standard-size cars can very nearly be stretched to build three compacts.

With different ratios, the cut in size and weight affects all the other countless ingredients that go to make up a car. Perhaps

the only industries benefiting from the emphasis on compactness are aluminum, plastics, and magnesium.

Aluminum usage is skyrocketing as more and more producers shift to that metal for engine blocks and heads. In the offing for 1962 and 1963 are further shifts away from grey iron, this time in standard size cars. For example, a 1955 model car used 30 lb. of aluminum; the 1961 models average 66 with the spreading installation of aluminum engines.



HOW AUTOS MAKE THE ECONOMY'S WHEELS TURN: Chart above shows what goes into the manufacture of a car, illustrates clearly how auto production directly affects other industries, particularly iron and steel.

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Rising Costs Push Up Price of Magnet Wire

New York—Increasing cost pressures are forcing a 2% to 4% boost in magnet wire prices.

All major manufacturers indicate that they are going along with increases announced by Phelps Dodge, as follows:

- Round sizes, No. 1 to No. 7, B. & S.—2%
- Round sizes, No. 8 to No. 44, B. & S.—4%
- Square and rectangular—2%

The new increases only partially restore larger cuts of 6% to 12%, which were put through in June during a period of poor demand and unofficial price cutting.



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